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Delay is seen for Rusal's IPO

By Aleksanr Kolyandr And Gregory L. White

MOSCOW—UC **Rusal** faced a setback in its recovery plans Monday as stock-exchange officials in Hong Kong delayed approval of its initial public offering, seeking reassurance about the struggling aluminum giant's debt burden.

As a result, the IPO, which is expected to sell 10% of Rusal and raise as much as US$2.5 billion to help pay off creditors, is likely to take place in the first half of next year, not this month as originally planned, people close to the situation said. Provided markets remain strong, the delay shouldn't be a problem for the company, since its first debt-payment deadlines are late next year, these people said.

Rusal, controlled by tycoon Oleg Deripaska, has enjoyed some of the strongest support from the Kremlin of any Russian industrial company in the crisis, including a $4.5 billion bailout loan from a state bank issued just over a year ago.

It was the one-year loan, granted by **Vneshekonombank**, or VEB, that raised concern among Hong Kong officials, according people close to the situation. The bank, chaired by Prime Minister Vladimir Putin, approved a one-year extension last month. But Hong Kong regulators want either clearer assurances that the loan will be extended further when it comes due in October 2010 or changes in terms to make it less onerous to the company, these people said.

The loan was granted at the height of the financial crisis as part of a Kremlin program to prevent heavily in-

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U.N.'s international climate summit opens in Copenhagen

AFP/Getty Images

A woman walks through a display titled 'Cool Globes,' an exhibition about combating global warming and climate change in Copenhagen. **Page 18**

Ex-chief raps end of Japan Post plan

By Alison Tudor

TOKYO—The former banker ousted as head of Japan's postal-services group is striking back at the new government, blasting plans to halt privatization of the agency, which doubles as the world's largest savings bank.

In one of his first interviews since being asked to step down in October, Yoshifumi Nishikawa, warned that Prime Minister Yukio Hatoyama's decision to halt privatization could lead to a return to unfettered public spending and a jump in costs at **Japan Post Holdings** Co., if the government uses the group's $3.4 trillion in assets and 24,532 post offices to bolster community services as proposed.

"I can't understand at all why privatization has been halted. It is a huge waste," Mr. Nishikawa, 71 years old, told The Wall Street Journal.

A spokesman for Japan Post's current management declined to comment on Mr. Nishikawa's remarks.

The privatization of Japan Post, also one of the world's biggest life insurers, was

Please turn to page 18

Hyundai to boost production in China

By Norihiko Shirouzu

BEIJING—**Hyundai Motor** Co. plans to increase manufacturing capacity in China by 60% over the next three years, reflecting its high confidence that the world's largest auto market by unit sales will continue rapid growth, a senior executive said.

Hyundai's plans include a fifth plant in China, scheduled to open by 2012, Noh Jae-man, president of Hyundai's joint-venture with **Beijing Automotive Industry Holding** Co., said in an interview Monday. Hyundai, which has seen rapid growth in sales of its Hyundai- and Kia-brand vehicles in China, also plans to increase manufacturing capacity at its four existing plants in China by 20% next year to a combined 940,000 vehicles annually. The new plant will be capable of producing 300,000 vehicles a year and should boost overall capability to 1.24 million cars when it is completed, he said.

Norihiko Shirouzu/The Wall Street Journal

Hyundai's Noh Jae-man said a fifth plant will open by 2012.

Even as they have scaled back in many of their home markets, international auto makers are racing to expand production in China. Helped by government stimulus measures, vehicle sales in China have grown about 40% so far in 2009, and are likely to exceed 13 million vehicles for the full year, surpassing the U.S. as the world's largest auto market. Although growth is expected to slow in 2010, many auto executives feel the Chinese market has years of significant expansion left, given that its rates of car ownership remain low.

Mr. Noh said China is on the verge of the type of "full-fledged motorization" of society that Japan experienced in the 1970s and the 1980s and that Hyundai's home country of South Korea underwent roughly a decade later. "We need more capacity," Mr. Noh said. "Every auto maker [operating in China] needs more plants."

General Motors Co., for instance, plans to double sales in China to more than two million vehicles and introduce more than 30 new or updated models over the next five years. To reach that sales target, GM executives have said the company would most likely need to build another plant over the next few years. **BMW** AG said last month it would build a second plant in China with its joint-venture partner that would cost about €560 million ($831 million) and more than double its production capacity in China to 100,000 cars a year. Others such as **Volkswagen** AG and **Nissan Motor** Co. either have already added a new plant or are expanding existing facili-

Please turn to page 18

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Business & Finance

■ **China's leadership closed** its annual economic conference with an ambiguous call for balanced growth in 2010, possible evidence of concerns about stimulus-package excesses and weakness in local and global demand. **3**

■ **Fed Chairman Bernanke said** the U.S. economy should continue its recovery next year, but a weak labor market and tight lending should leave it growing at a moderate pace. **6**

■ **Dubai World may raise** some of the money needed to pay down its $26 billion debt by selling assets in the United Arab Emirates and overseas, a top government official told Al Jazeera. **24**

■ **AsiaInfo agreed** to buy Linkage Technologies, a rival provider of telecom-industry software, in a deal valued at $733 million. **3**

■ **Five high-ranking executives** at AIG said last week they were prepared to quit if their compensation is cut significantly. **19**

■ **The White House plans to cut** the projected long-term cost of the TARP program by more than $200 billion. **6**

■ **U.S. stocks rose**, but gains were limited by concerns over whether interest-rate increases could come sooner than previously expected. Asian shares were mixed. **27**

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■ **Heineken said it reached** a deal with United Breweries that allows the Dutch brewer to make and sell its own brand of beer in India. **23**

■ **Daimler said** sales at its core Mercedes-Benz cars division rose 16%, thanks to strong growth in China. Audi and BMW also flagged strong sales in the country. **20**

■ **U.S. regulators opened** an initial probe into Toyota's Corolla and Matrix models for randomly stalling while on the road. **20**

■ **Stephen Girsky** made a living for years telling Detroit auto makers they needed to fix themselves. Now in his role at GM, he'll have to put his words into action. **21**

■ **Boeing could make** the first test flight of its Dreamliner as early as next week. Even a small slip risks further delaying delivery of the jet to airlines. **22**

■ **Intel's plans to move** into a new semiconductor market suffered a setback, as the firm said it was canceling a product based on a design dubbed Larrabee. **22**

■ **UBS said** its private bankers can visit foreign-based clients again, months after it reached a deal to resolve legal troubles with the U.S. tax authority. **24**

Your View/Reuters

Student supporters of Iranian opposition leader Mirhossein Mousavi flash victory signs as they hold posters of an unidentified man during demonstrations against the disputed presidential election in Tehran on Monday.

World-Wide

■ **Violence erupted** at universities across Iran as demonstrators took to the streets during the regime-sanctioned Student Day, using the occasion to press their protest against the government.

■ **Philippine President Arroyo**, facing international pressure to find the killers in last month's massacre in the south, is being scrutinized at home for deploying martial law. **7**

■ **A U.S. envoy to North Korea** will arrive in Pyongyang on Tuesday for the Obama administration's highest-level dialogue with the North to date. **4**

■ **Three bombings killed** at least 45 in Lahore and the Peshawar as Pakistan's Supreme Court began hearing petitions against an amnesty that has protected President Zardari from graft charges. **4**

■ **Afghanistan's President Karzai** could replace most of his cabinet members Tuesday. It is unclear whether he will keep a group of warlords that could undermine cleanup efforts. **7**

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Beijing seeks balance in stimulus

Economic conference says it will keep funding major investment projects while checking risks for inflation, overcapacity

By Andrew Batson

BEIJING—China's leadership closed its annual conclave on the economy with an ambiguous call for more-balanced growth in 2010, reflecting how policy makers remain pinned between concerns about the excesses of their stimulus package and worries over continued weakness in local and global demand.

The Communist Party's Central Economic Work Conference reaffirmed the government's pledge to keep supporting growth through deficit spending and easy bank credit, the state-run Xinhua news agency said Monday. Those policies helped China turn around more rapidly than any other major economy this year, but at what many analysts fear will be a cost of more wasted investment and bad loans in the future.

Leaders said the need to support growth must be balanced with concerns about potential inflation and excess capacity. And they appeared to signal that somewhat tougher controls were on the way after 2009's all-out binge of lending and investment: "We will maintain appropriate growth in investment, focusing on completing projects already under construction while strictly controlling new projects."

The broad direction of economic policy for the coming year—mostly unchanged but with some shift in emphasis—already had been set by a meeting of the party's ruling Politburo on Nov. 27. The economic work conference, which featured speeches from both President Hu Jintao and Premier Wen Jiabao, serves as a forum for disseminating a somewhat more detailed plan to a broad spectrum of central- and local-government leaders.

The bland language of the official communiqué offered few signs of the increasingly sharp divergence in opinions over the right course for Chinese economic policy.

"There is a pretty serious debate going on right now, which is whether to roll back the stimulus," said Victor Shih, a professor of political science at Northwestern University. The government has dialed back the intensity of stimulus lending and spending, but remains reluctant to move more dramatically given the uncertain global recovery and continued domestic problems.

A sharp change in course would be difficult for the government to pull off, given the momentum the stimulus plan already has built up. For local governments, "unless they get a political signal from Beijing, they're not going to stop" building new projects, Mr. Shih said.

The Bank for International Settlements, in a report issued Monday, argued that many of the investment projects funded by this year's surge in bank lending will likely require more funds next year to be completed. The conference's communiqué specifically called for ensuring that major projects' need for credit is satisfied.

"A tightening of monetary policy, therefore, may leave projects incomplete and lead to a build-up of bad loans in the banking sector," the BIS analysts said. Because of that dynamic, they argue, "Chinese policy makers may face significant constraints on their monetary and credit policy in the years ahead."

The conference's communiqué didn't specifically mention China's currency policy, now a focus of concern by the nation's trading partners, but said the government would "maintain the stability and continuity of policies for external demand," a reference to exports.

The communiqué also devoted more space than in previous years to discussing the government's policies for encouraging consumer spending and urbanization.

AsiaInfo to acquire rival software firm

By Aaron Back

BEIJING—**AsiaInfo Holdings** Inc. agreed to acquire **Linkage Technologies International Holdings** Ltd., a rival provider of telecommunications-industry software, in a cash-and-stock deal valued at $733 million.

Steve Zhang, AsiaInfo's president and chief executive, said the deal will help AsiaInfo make inroads with **China Telecom** Corp., the country's second-largest telecom provider by users, after **China Mobile** Ltd. "We have very complementary customer bases. AsiaInfo's traditional strength is with China Mobile, and Linkage's traditional strength is with China Telecom," he said.

The two companies provide to China's three telecom carriers software and other services, such as billing systems and software to keep track of customer activity. AsiaInfo, which is based in Beijing and listed on the Nasdaq Stock Market, had 12% of China's market for telecom IT services last year, and Linkage had 11%, according to Goldman Sachs. **Huawei Technologies** Co. had 14% of the market.

"AsiaInfo has had a hard time cracking the China Telecom accounts," said Ken Liu, an analyst who covers the company for Yuanta Securities. "Linkage is stronger with China Telecom, so together they really have a dominant position in the market."

AsiaInfo said Linkage shareholders will receive $60 million and 26.8 million AsiaInfo shares, which at Friday's closing price were valued at $673 million.

China Mobile, AsiaInfo's principal customer, had 513.5 million mobile subscribers at the end of October. China Telecom had 295 million, including 192.9 million fixed-line users and just 49.9 million mobile users.

AsiaInfo received around 70% of its third-quarter revenue from China Mobile, said Mr. Zhang, who will become president and CEO of the new company. China Mobile will account for half the merged company's revenue, with China Telecom and **China Unicom (Hong Kong)** Ltd., the country's third major carrier, each accounting for around 25%, he said.

Closely held Linkage, based in Nanjing, China, last month the company filed with the U.S. Securities and Exchange Commission its intention to sell as much as $175 million in American depositary shares on the New York Stock Exchange. Linkage said it would seek $13 to $15 per ADR. Yuanta Securities' Mr. Liu estimated that AsiaInfo will pay the equivalent of $14.35 a share for the company. Linkage won't pursue the IPO in light of the AsiaInfo deal.

The merged entity will be called AsiaInfo-Linkage Inc. and have a market capitalization of $1.8 billion, AsiaInfo said. Linkage's shareholders will own 35.8% of the new company, while AsiaInfo shareholders will own the remaining 64.2%.

AsiaInfo said the deal, expected to close in the first half, will add to per-share earnings next year. The new company will have more than 8,000 employees.

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Pakistan bombings kill 45

Blasts occur as court opens hearing on amnesty protecting president

By Zahid Hussain

ISLAMABAD—Three bombings killed at least 45 people in the eastern city of Lahore and the western city of Peshawar Monday as Pakistan's Supreme Court began hearing petitions against an amnesty that has protected President Asif Ali Zardari and his allies from facing graft charges.

In Lahore, a pair of remote-controlled bombs ripped through a market popular with women, killing at least 33 people and wounding 100, authorities said, according to the Associated Press. The twin attacks, timed to take place when Lahore's Moon Market was at its busiest, triggered a fire that swept through shops in the market, killing women and children.

In Peshawar, a suicide bomber blew himself up when intercepted by security guards outside a court building, killing 12 people, authorities said.

In Islamabad, meanwhile, a court ruling against the legitimacy of the amnesty could open the way for challenges to the legality of President Zardari's rule and deepen political instability in the midst of a critical battle against Taliban militants.

A 17-member bench headed by Chief Justice Iftikhar Mohammed Chaudhry is expected this week to announce its verdict on the amnesty agreement, known as the National Reconciliation Ordinance. The petitioners have challenged the accord, saying it was unjust and violated fundamental human rights.

Mr. Zardari and many others benefited from the agreement, enforced in November 2007 as result of a deal between then-President Pervez Musharraf and Benazir Bhutto, the former prime minister who was killed in a suicide attack in December that year.

The amnesty already has lapsed technically, after parliament failed to ratify it by a Supreme Court-imposed deadline of last month. The court has asked for a complete list of amnesty beneficiaries and has summoned the chairman of the National Accountability Bureau, an anticorruption body, to bring a record of the cases, said Shahid Hussain Kamayo, a spokesman for the Supreme Court. The hearing was adjourned until Tuesday.

Mr. Zardari is immune from prosecution as president. But a court ruling declaring the amnesty illegal is likely to further weaken his standing as president and could expose him to court challenges that he shouldn't have been chosen as president. Mr. Zardari has denied the charges, saying they were politically motivated. A spokesman for Mr. Zardari couldn't be reached to comment.

U.S. girds for hard Korea talks

By Jay Solomon

Reuters

U.S. special envoy to North Korea Stephen Bosworth, center, came to South Korea's foreign ministry on Monday for meetings about his trip to Pyongyang.

WASHINGTON — President Barack Obama's special representative to North Korea is set to hold his first bilateral meetings with Pyongyang this week, in the administration's highest-level dialogue with the country to date.

But signs that the communist state may be prepared to return to international disarmament negotiations were overshadowed by U.S. concerns that it could seek new conditions to the talks.

Stephen Bosworth, a career diplomat and negotiator, is expected to arrive in Pyongyang on Tuesday for two days of meetings, with the goal of persuading North Korea to rejoin talks aimed at getting it to give up its nuclear-weapons program.

"Everyone should keep their expectations low heading into this meeting," said a U.S. official briefed on the visit. North Korea "is a long-term national-security problem for the U.S."

North Korean diplomats and academics have been indicating to interlocutors in recent months that Pyongyang expects the U.S. in any future negotiations to accept Kim Jong Il's government as a nuclear-weapons state. U.S. officials briefed on its stance said North Korea believed it should be treated like India or Pakistan in any future talks—as a recognized nuclear power operating outside the United Nations' Nuclear Non-Proliferation Treaty. The Obama administration has said it would never accept a nuclear-armed North Korea.

Mr. Bosworth will be accompanied by a small interagency team, including the U.S. State Department's Sung Kim. The U.S. team spent Monday in Seoul in meetings with South Korean diplomats who specialize in North Korean issues. Mr. Bosworth and a top South Korean diplomat, Wi Sung-lac, posed for news photographers but made only brief remarks about their close cooperation in dealing with Pyongyang.

The American diplomats will fly to Pyongyang from a U.S. base in South Korea on Tuesday. U.S. officials said they didn't know who Mr. Bosworth would meet during his trip. Kim Jong Il hasn't directly engaged Washington on the nuclear issue, though he did discuss it with former President Bill Clinton in August.

The Obama administration is interested in learning about North Korea's economy in light of Pyongyang's decision to revalue its currency last week. U.S. officials also said they'll continue to push for information on North Korea's alleged support for the nuclear programs of Syria and Myanmar.

North Korea had initially rejected Mr. Obama's calls for negotiations. It tested a second nuclear device in May, and a string of long- and short-range missiles.

Kim Jong Il's health problems also have complicated Washington's North Korea policy. Pyongyang's strongman is widely believed to have suffered a stroke late last year that incapacitated him for several months. U.S. officials believe Mr. Kim has taken initial steps to designate his third son, Kim Jong Un, as his political heir.

U.S. officials said that Kim Jong Il's health has improved markedly in the past six months and that he appeared firmly in control of North Korea's national-security apparatus. Mr. Kim has met with senior Chinese officials in Pyongyang in recent weeks and held a three-plus hour meeting with Mr. Clinton in August.

Mr. Bosworth's mission is focused on persuading North Korea to rejoin the six-nation diplomatic process, U.S. officials said. North Korea pulled out of the forum this year after balking at the disarmament measures it agreed to with the Bush administration and the four other negotiating powers. Pyongyang then announced it would discuss the nuclear issue only in one-on-one talks with Washington.

U.S. officials said North Korea's position appeared to have softened in recent months. Pyongyang told Chinese officials it would consider a resumption of six-party talks provided it would have direct contact with the U.S. within the forum. North Korean academics and officials delivered a similar message to an October gathering of American Asia specialists in San Diego.

However, U.S. officials worry that Pyongyang is trying to alter the terms of any future six-party negotiations. North Korean officials and academics, these officials say, now talk of a need for global disarmament rather than disarmament just by North Korea. The officials said they viewed this as an attempt by Kim Jong Il's government to place North Korea on an equal footing with the U.S. and other nuclear-armed states."North Korea is indicating that it now only wants to discuss the de-nuclearization of the world," said Michael Green, a former Bush administration official and Asia expert at Washington's Center for Strategic and International Studies. "It is clear North Korea wants to present itself as a nuclear-armed state."

—Evan Ramstad in Seoul contributed to this article.

中国实时报
CHINAREALTIMEREPORT

Reuters

The flashy 'women's militia' in China's Oct. 1 parade wasn't composed of soldiers.

The Wall Street Journal's China Real Time Report **(http://blogs.wsj.com/chinarealtime)** *this past week looked at topics including Beijing's ties with Canada, talent tests for military women and iPhone sales. Excerpts:*

Canada's New Chapter With China ... Maybe

Canadian Premier Stephen Harper's first visit to China was accompanied by about $150 million worth of agreements that should boost Canada's agricultural exports as well as the number of Chinese visitors to Canada. Far more significant will be what the visit means for relations in the long term.

Since taking office in February 2006, Harper has been widely accused of neglecting Sino-Canadian relations or even, some say, actively antagonizing the Chinese by snubbing the Beijing Olympics, befriending the Dalai Lama, emphasizing human rights, and refusing to hand over Chinese dissidents who have taken refuge in Canada.

Many Canadian businesspeople say that his position has hurt their interests in China—and Chinese Premier Wen Jiabao implied as much last week when he dished out a public rebuke to his Canadian counterpart for failing to venture East earlier.

Longtime China hands in the Canadian business community say they hope the Harper visit is a sign his approach to China is softening. It's easy to see why Canada might need China—in the first nine months of 2009, Canadian shipments to China increased 6.6%, while shipments to the U.S. fell almost a third.

While the prime minister's office is trumpeting its success in securing more freedom on beef exports and Beijing granting Canada approved tourist destination status, the real test of the new relationship could come when a Chinese investor bids for control of a major Canadian resource asset.

—Duncan Mavin

Military Women Recruits Dance and Sing

We were surprised, if not exactly shocked, to learn back in October that the pink clad, go-go boot-wearing, machine-gun toting "women's militia" that marched in this year's National Day parade was composed not of full-time People's Liberation Army soldiers but of young women specially selected for their beauty and poise to put on a show during the PRC's 60th birthday.

They drew a big smile and applause from President Hu Jintao—and perhaps inspired an idea on how to bring more appealing women into the ranks of China's real women soldiers.

Now, female recruits are being asked to sing, dance or highlight other artistic abilities as part of the military's selection process, China Daily reports.

According to the report, the PLA interview for women includes a 30-second self-introduction, a 2.5-minute Q&A, and a two-minute talent show. The interview is scored on a 30-point scale, with "expression" worth up to 12 points, "impression" up to 10 points, and the talent portion eight points.

The talent test is a new requirement and applies only to female recruits, and officials insisted that it is necessary, though their reasons were not entirely convincing. Lt. Col. Ding Zhengquan, a recruiter in Beijing, told China Daily that the standards had been raised because there were relatively fewer openings for women than for men.

Wang Bosheng, a member of the National People's Congress and an interview judge, told China Daily the talent show would help ensure the selection of the right people. (He seemed to enjoy the performances, saying "It is amazing to see so many girls with such great gifts.")

—Sky Canaves

An iPhone Update

When it comes to Apple iPhone sales, it seems South Korea has got China beat.

A month after the iPhone's somewhat tepid launch in China, it made its debut in South Korea, with 65,000 pre-orders taken. By comparison, carrier China Unicom said a few days after its launch that 5,000 iPhones had been sold. The company hasn't released updated figures.

Carrier KT Corp. says it expects to sell as many as half a million iPhones in South Korea. At a forum this fall, China Unicom executives said they expect about 10% of China's 3G users (seven million as of Sept. 30) to switch to iPhones in the next couple of years. The carrier is launching a nationwide advertising offensive to increase iPhone sales.

—Juliet Ye

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Economic crisis ebbs, but systemic risks don't

[The Outlook]

By Mark Whitehouse

Markets have bounced back. Economies are recovering. U.S. unemployment is showing signs of easing. But as the worst crisis since the Great Depression appears to be passing, we could be setting the stage for the next one.

While policy makers breathe a collective sigh of relief, they're making little progress in addressing deeper flaws that the crisis laid bare: an unwieldy banking system, unreliable financial plumbing and a global economy that encourages and depends on heavy borrowing by the U.S.

Bankers and regulators say that fixes require careful consideration. But as the darkest days of the crisis fade from memory and the world's biggest banks get back on their feet, political impetus for reform may be waning. "We're wasting the crisis," said economist Richard Portes of the London Business School.

Here's a status report on three big issues:

Banks

Banks have recovered so well that they're even bigger and more complex. The world's 10 largest banks account for about 70% of global banking assets, compared with 59% three years ago, according to Capital IQ and the Bank for International Settlements.

The bigger and more complicated banks become, the less able governments will be to let them die if they get into trouble. If banks—and their creditors—know taxpayers will rescue them, they're prone to take greater risks.

Economists worry that if the costs of bailouts keep growing, governments could find themselves unable to borrow enough to cover them. Andrew Haldane, executive director for financial stability at the Bank of England, estimated the support given to U.S. and U.K. banks in the current crisis at nearly three-quarters of annual economic output. "Today, perhaps the biggest risk to the sovereign comes from the banks," he wrote in a recent paper. "It's a doom loop."

One way to break the vicious cycle of bigger banks and bigger bailouts is to change the rules so governments find it easier to let them fail. Banks could be required to prepare "living wills," describing how their assets would be dealt with if they went bankrupt—and, if they operate across borders, which government would be responsible for which piece. If bank managers couldn't write a will that made sense, they would have to simplify their operations, and possibly sell some of them off.

To make it less likely that taxpayers would have to invest money in bank shares, as they did recently, banks could be required to issue bonds that would turn into stock in times of trouble. This "contingent capital" would force bondholders to share the pain—something that didn't happen in the most recent round of bailouts.

Some policy makers support living wills and contingent capital. The Financial Stability Board, the international body responsible for figuring all this out, won't come up with specific proposals until October 2010. For now, the focus is on making banks less likely to fail—requiring them to set aside more capital and keep more cash on hand for emergencies. Even though most governments agree that's prudent, negotiating details for common rules is proving difficult.

Markets

The crisis exposed the hazards of the plumbing in the market for credit derivatives, where investors buy and sell insurance against bond defaults.

Big banks, such as J.P. Morgan Chase & Co., stand at the center of the market, acting as the main counterparties for anyone who wants to buy or sell. It's worth about $10 billion a year in revenue for the banks. But it can descend into chaos if one fails. Because the deals are private and a firm can do business with many different banks, regulators don't know whether any one firm is taking too much risk—one reason risks taken by American International Group Inc. remained under the radar.

Most economists, and the Obama administration, agree on a solution: Push most players in the market to do business through a central clearinghouse that would stand between the parties in trades and guarantee obligations, and require firms to report their trades to regulators and the prices of trades to the public.

Some progress has been made. In the U.S., 15 Wall Street banks have pledged to do more than 90% of their eligible credit and interest-rate derivative trades through central clearinghouses by year end. Lawmakers are mulling a proposal to mandate central clearing of all standardized derivative contracts.

But about 10 different clearinghouses are vying for the business. That, said Darrell Duffie, a Stanford University expert on derivatives, makes the market no less risky, because the failure of any one of those clearinghouses could wreak havoc. "I'm in favor of this," he said. "I'm just very worried that it's going wrong."

Global Balance

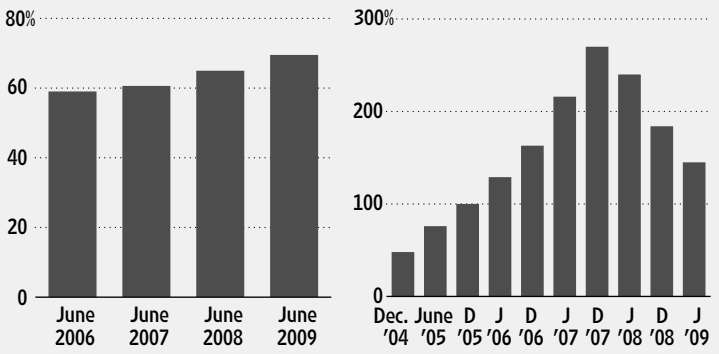
As the U.S. recovers from recession, one widespread worry: The vast and persistent disparity between what the U.S. earns and what it spends requires the U.S. to borrow heavily from abroad—especially from China and other Asian nations where people tend to save most of the money they make selling goods to—you guessed it—U.S. consumers.

The danger is that the vast "savings glut" will fuel another bubble, as many analysts believe it did with the U.S. housing market. Most international efforts have focused on getting China to allow its currency to strengthen against the dollar. That would make Chinese exports less competitive in the U.S., but would do little good in the long run as Vietnam, Cambodia and other exporters took China's place. "To think that this is the magic answer is overstating the case tremendously," said Raghuram Rajan of the University of Chicago's Booth Graduate School of Business.

The long-term fix is to get U.S. consumers (and their government) to save more and Asian consumers to spend more. That could be done by boosting taxes on consumption, say gasoline, or by taking away incentives to borrow, such as the tax deduction on mortgage interest. In China, a better social safety net could make people feel more comfortable about saving less and spending more. On these fronts, though, there has been a lot of talk and little action.

Danger signs

Banks are getting bigger and credit derivatives are still a threat.



Sources: Capital IQ; Bank for International Settlements

Agence France-Presse/Getty Images

A job fair in Los Angeles Friday. Despite a drop in the unemployment rate and a more stable economy, threats to the financial system remain.

U.S. to cut total cost of TARP

By Deborah Solomon

WASHINGTON—The Obama administration, buoyed by a resurgent Wall Street, plans to cut the projected long-term cost of the Troubled Asset Relief Program by more than $200 billion, in a move that could smooth the way for the introduction of a new jobs program.

The White House and leaders in Congress are debating whether to use any of the remaining TARP funds for other domestic efforts, such as a jobs bill. Congress authorized $700 billion for the program during the height of the financial crisis.

The Treasury now estimates that over the next 10 years TARP will cost $141 billion at most, down from the $341 billion the White House projected in August. The reduction stems in large part from faster-than-expected repayments by some of the nation's largest banks, as well as less spending on programs to help shore up the financial sector.

The government's efforts appear to have helped stabilize the financial sector, and banks have already repaid the Treasury about $70 billion. **Bank of America** Corp. has said it will return its $45 billion investment as early as this week, and the government now expects total repayments to reach as much as $175 billion by the end of next year. Altogether, it invested $204 billion in 690 firms. The Treasury has also collected more than $10 billion in interest and dividend payments from firms in which it has invested.

The White House could use the $200 billion savings for other domestic efforts, such as a jobs bill.

The lower-than-expected TARP losses could help the White House tap remaining funds for a jobs program because the revised estimates will help bring down the projected federal budget deficit since the White House will be able to assume less spending associated with the program.

The White House has been under pressure to tame the $1.4 trillion budget deficit, which has ballooned as the U.S. borrows vast sums of money. But with unemployment at 10%, the administration is also under pressure to find ways to create new jobs. Lowering deficit projections could help alleviate concerns that a new jobs bill would further inflate the deficit.

President Barack Obama was expected to raise the idea of using repaid TARP funds for a jobs bill in a speech he planned to give on Tuesday. On Friday, White House press secretary Robert Gibbs acknowledged that repaid bailout money is "certainly being looked at" for a jobs bill.

Many Republicans are opposed to recycling TARP funds for a jobs bill, calling instead for the money to go toward reducing the deficit.

Bernanke expects U.S. to have modest growth

By Luca Di Leo

WASHINGTON—The U.S. economy should continue its recovery next year, but a weak job market and tight lending should leave the economy growing at a moderate pace, U.S. Federal Reserve Chairman Ben Bernanke said Monday.

Once the recovery is strong enough, Mr. Bernanke said, the U.S. central bank will be ready to unwind the massive stimulus pumped into the economy to avoid inflation.

"Though we have begun to see some improvement in economic activity, we still have some way to go before we can be assured that the recovery will be self-sustaining," Mr. Bernanke said in a speech to the Washington Economic Club. "Economic forecasts are subject to great uncertainty, but my best guess at this point is that we will continue to see modest economic growth next year—sufficient to bring down the unemployment rate, but at a pace slower than we would like."

The U.S. unemployment rate fell to 10% in November as job losses dropped to their lowest level since the recession began in December 2007, data showed Friday. It was one of the strongest signals in recent weeks that the economy is improving from its worst recession in decades.

Financial markets viewed Friday's jobs report as strongly raising the chances that the Fed has gotten closer to increasing interest rates.

At the beginning of last week, the futures market was pricing in less than a 20% chance that the federal-funds rates, at which banks lend to each other overnight, would increase to 0.5% by the Fed's June 2010 meeting. At Friday's close, it was up to a chance of nearly 70%.

However, Mr. Bernanke was cautious on Monday, emphasizing that the job market remains weak.

Associated Press

Government soldiers and an armored personnel carrier pursue unidentified armed men Monday in Ampatuan town in Maguindanao province in southern Philippines.

Arroyo critics reject need for martial law

By James Hookway

President Gloria Macapagal Arroyo is coming under criticism for deploying the most powerful tool in her arsenal—martial law—to capture the people behind the massacre of 57 people in the southern Philippines last month.

Mrs. Arroyo imposed martial law on parts of the southern Philippines late Friday to help soldiers track down the gunmen involved in the Nov. 23 massacre. With strong international pressure to capture the killers, her advisers say martial law is necessary.

But prominent politicians, business leaders and church figures say that by imposing martial law, Mrs. Arroyo risks dragging the Philippines back to when martial law was last imposed—more than 30 years ago to begin the dictatorship of late President Ferdinand Marcos in 1972.

> Some prominent Filipinos say the criteria for declaring martial law had not been met.

Several petitions were filed Monday before the Supreme Court seeking to declare the imposition of martial law unconstitutional. Court spokesman Jose Midas Marquez said the petitions would be discussed on Tuesday.

Philippine military officials said Monday that soldiers came under fire late Sunday from gunmen believed to be loyal to the area's powerful Ampatuan clan, which is accused of the killings, in a sign that tensions might be mounting. Although there were no reports of casualties in the clashes, there are still an estimated 2,400 gunmen at large in the region who have assembled there to defend the Ampatuan family, and they have yet to surrender arms.

Former President Fidel Ramos told the ABS-CBN Broadcasting Corp. over the weekend that declaring martial law was "an over-reaction." Other prominent Filipinos say the necessary criteria allowing a president to declare martial law—including a state of invasion from a foreign power or a state of rebellion—had not been met in Maguindanao province where the massacre took place, despite the Arroyo administration's claims that the Ampatuan family was fomenting rebellion in the region.

Arroyo spokesman Cerge Remonde has said martial law is a temporary measure to restore order to the chaotic region, which is also home to members of the al Qaeda-linked Abu Sayyaf terrorist group and a Muslim secessionist group called the Moro Islamic Liberation Front.

On Monday, Mrs. Arroyo's staff forwarded a 20-page explanation of her decision to declare martial law to Congress, which will debate her move on Tuesday. Political analysts expect her to win the legislature's support thanks to her Lakas-Kampi-CMD Party's strong majority in the House of Representatives.

Still, the massacre remains a headache for the Arroyo administration and could stain her legacy, analysts say. Her government was among successive administrations that helped support the Ampatuan clan and enable it to raise a private army in order to help contain a long-running Muslim insurgency in the region. The Ampatuans also helped campaign for pro-government candidates in elections in 2004.

Many leaders in the Philippines say they believe that if Mrs. Arroyo pushes too hard against the Ampatuan clan and its supporters by continuing with martial law, it could further destabilize the country in the run-up to national and local elections next May, when a successor to Mrs. Arroyo will be chosen. Mrs. Arroyo can't run again because of term limits.

Prosecutors accuse the Ampatuan family of plotting to kill supporters of a rival political clan after local vice mayor Ismail Mangudadatu announced plans to run for the governorship of Maguindanao, which has for years been controlled by the Ampatuans. Mr. Mangudadatu wasn't killed in the attack; he was in Manila at the time. But his wife, sisters, supporters and 30 journalists traveling with them were murdered.

Troops Saturday took into custody Andal Amaptuan Sr., the patriarch of the clan. His son, Andal Ampatuan Jr., earlier surrendered and was charged with 25 counts of multiple murder; he denies having anything to do with the killings.

Karzai to rejigger cabinet

Afghan president's choices are seen as test of corruption-cleanup effort

By Anand Gopal

KABUL—The U.S. will get an early litmus test of Afghan President Hamid Karzai's commitment to improving governance in his corruption-riddled country when he is scheduled to announce a new cabinet Tuesday.

There are signs that Mr. Karzai will replace the majority of the cabinet, jettisoning some ministers who have been accused by U.S. and Afghan officials of corruption. But it is unclear if he will keep away a group of influential warlords that could undermine the cleanup effort.

With a number of current ministers having been accused of graft and inefficiency, U.S. officials view Mr. Karzai's government as one of the factors that fueled popular disillusionment and helped pave the way for the Taliban's resurgence in recent years. In recent months, U.S. officials have been pressuring Mr. Karzai to clean up the government at all levels.

In his speech last week outlining the new U.S. Afghan strategy, President Barack Obama said the Afghan government would no longer be given a "blank check," and implied that U.S. support for Mr. Karzai's government would be tied to its performance.

A U.S. Embassy spokesperson in Kabul refrained from speaking about the cabinet appointments until an official announcement was made by the Afghan government.

Afghan officials close to Mr. Karzai said the cabinet is being "revamped." Of the 26 current ministers, only at most eight will be returning for the new term, they said.

These include Omar Zakhilwal, the finance minister and prominent economist, and Hanif Atmar, the interior minister. U.S. officials have praised these figures as competent and effective.

The majority will be new figures or former government officials with good records, including a number of Afghans with a Western background.

"It's an overhaul of the current administration," said Sarwar Ahmadzai, a former presidential candidate who has been offered a cabinet post. "The president is moving in the right direction and trying to bring in new faces. This is a positive step."

Officials said Ali Ahmad Jalali, the former interior minister and currently a professor at the National Defense University in Washington, has been offered a post. Mr. Jalali's office in Kabul said he had accepted the offer but it hasn't been decided which portfolio he will receive. Mr. Jalali is highly regarded in Washington.

Officials said Ashraf Ghani, a former presidential candidate and a highly regarded technocrat, is also under consideration. Mr. Ghani couldn't be reached for comment.

At the same time, many of the ministers that are under suspicion of corruption won't be part of the new government, officials said. These include the minister of information and culture, the minister of hajj and pilgrimage and the minister of mines, according to senior Karzai advisers and officials from those ministries.

"We are serious about turning things around here, and I think the Americans will applaud that," said a senior Karzai adviser.

However, questions linger over Mr. Karzai's dalliances with warlords who have been widely accused of corruption and human-rights violations. In recent weeks, Mr. Karzai has met with a number of controversial strongmen, including Muhammad Mohaqeq and Burhanuddin Rabbani. While these men won't get a position, they are negotiating a place in government for relatives and representatives.

For instance, Mr. Karzai has met with representatives of Rashid Dostum, a strongman with a history of human-rights violations, Afghan authorities said. U.S. officials are concerned that such figures could be a source of instability and hamper efforts to improve governance. But Mr. Karzai courted many of these men during his presidential bid, offering government posts in return for their support. Messrs. Mohaqeq, Rabbani and Dostum were unavailable for comment.

"He is under a lot of pressure. On the one hand, he has all of these promises, but on the other hand he has to meet the demands of the U.S.," said Nasrullah Stanakzai, a Kabul University professor of law and a political analyst. "He won't be able to ignore these men."

TECHNOLOGY

Taiwan's memory-chip makers gamble on a strategic shift

Semiconductor firms' move to diversify from core DRAM sector risks giving regional rivals even more of an advantage

By Jessie Ho

TAIPEI—Taiwan's computer-memory chip makers are betting that a strategic shift will help them endure as their share of the computer-memory chip market dwindles, but the moves risk pushing them out of their core business altogether.

The island's memory chip stalwarts, **Nanya Technology** Corp., **Powerchip Semiconductor** Corp. and **ProMOS Technologies** Inc., have been mired in losses for more than two years amid the industry's worst downturn, which began in 2007. Although chip prices have rebounded this year, Powerchip and ProMOS have been on the verge of defaulting on loan payments.

Rivals in South Korea and Japan, meanwhile, continue to gain ground with more advanced and low-cost manufacturing technology.

In response, the Taiwanese companies have increased outsourcing and shifted focus away from core dynamic random access memory, or DRAM, chips to another type of chip, known as NAND flash memory, in an effort to return to profitability.

DRAM chips are widely used in personal computers. NAND flash chips, which gained popularity early this decade and can be produced on existing DRAM production lines, are widely used in music players and digital cameras.

Japanese companies dominated DRAM production in the 1990s but soon lost ground to South Korean manufacturers; nearly all the Japanese makers, with the exception of **Elpida Memory** Inc., have since exited the business.

Taiwanese manufacturers entered the DRAM market in the late 1980s. Keen on boosting their share of the market, Taiwan's DRAM manufacturers expanded capacity aggressively between 2005 and 2007. But massive bank loans and bond issuances to fund that expansion are now haunting them as they suffer from overcapacity and dwindling cash.

Meanwhile, South Korea's **Samsung Electronics** Co., the world's biggest DRAM producer by revenue, remains profitable. Samsung is also the world's biggest NAND chip maker by revenue, followed by Japan's **Toshiba** Corp.

Taiwan's DRAM makers had a combined 10.8% share of the market at the end of the third quarter, down from 12.8% a year earlier, according to market research firm iSuppli Corp. In comparison, Korean DRAM makers saw their combined share rise to 57.2% from 49.3% a year earlier. Japan's sole DRAM maker, Elpida Memory, saw its share of the market rise to 16.9% from 15.8%.

"In the long term, Taiwan's share of the DRAM market will drop further" as they move away from production, said Joyce Yang, an analyst at DRAMeXchange, a Taiwan-based online chip clearinghouse.

ProMOS and **Winbond Electronics** Corp. in November agreed to make chips based on Elpida's designs rather than their own brands.

"Instead of market share, generating cash to maintain operations is our priority now," said ProMOS Vice President Ben Tseng.

ProMOS escaped bankruptcy in April after securing a three billion New Taiwan dollar (US$93.2 million) syndicated loan from banks to buy back US$335.6 million worth of overseas convertible bonds at a huge discount after holders demanded payment.

ProMOS' DRAM market share dropped to 1.2% at the end of the third quarter from 3% a year earlier, according to market research firm iSuppli.

Powerchip said in October it plans to largely expand its production of NAND chips. The company, whose production is heavily focused on DRAM, aims to eventually have DRAM, NAND and contract chip making—manufacturing chips based on others' designs—each account for one-third of its operations.

Powerchip hopes the strategy will reduce business risks inherent in focusing on a single product, Vice President Eric Tang said.

But NAND flash memory chips, like DRAM chips, are becoming commoditized as more manufacturers enter the market—and their prices have been just as volatile as DRAM's.

Even if Powerchip enters the NAND market, its technology is already behind Samsung and Toshiba, said Citigroup analyst Timothy Lam.

Samsung and **Hynix Semiconductor** Inc., the world's No. 2 maker of DRAM chips by revenue, are even now planning to accelerate development of more advanced 40-nanometer process technology, which should yield more chips at lower cost. Elpida plans to migrate to 40-nanometer process technology in 2010 from 60-nanometer process technology.

A chip's transistor components and the spaces between them are measured in nanometers. The smaller and more closely transistors can be packed together, the more powerful the chip.

Nanya and **Inotera Memories** Inc., Nanya's joint-venture with U.S.-based **Micron Technology** Inc., are the only Taiwanese makers that are migrating to 50-nanometer technology thanks to their technology partner Micron. Nanya maintains it will continue to produce DRAM chips.

But even so, "the future of Nanya and Inotera hinges on Micron...that is, they will be competitive enough globally when they gain or develop key chip production technologies on their own," said Kenneth Lee, an analyst at Fubon Securities Investment Services Co.

Keen to maintain Taiwan's competitiveness in DRAM production, the government formed Taiwan Memory Co. in July to possibly consolidate weaker players under the company and is seeking to jointly develop key technologies with Elpida. But Taiwan's lawmakers oppose the plan because they consider the potential NT$8.1 billion investment by the government too costly.

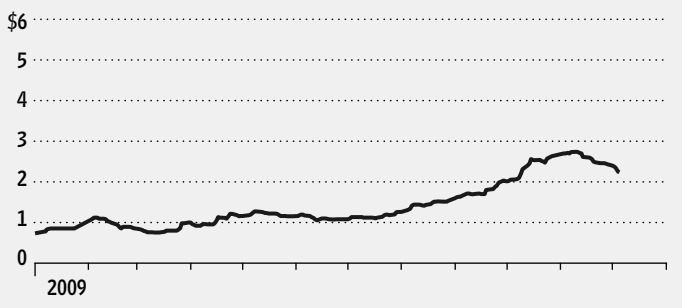
The chips' fall

Though the two types of memory chips have different applications, their prices have been equally volatile

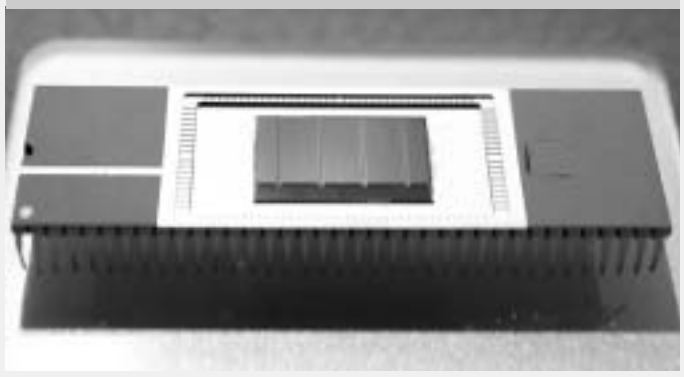
DRAM chips

- Dynamic Random Access Memory
- Data is erased when a device is switched off; the chips are ideal for personal computers and are making headway into mobile devices
- Widely used in desktop computers, laptops and smartphones

DRAM chip (one-gigabit DDR2-667) spot prices



NAND chips



- Technical name is Not-AND, though better known as flash memory
- Data is stored even when power supply is inconsistent; ideal for storing photos and music files
- Widely used in digital music players, cameras and USB drives

NAND chip (16-gigabit MLC) spot prices

Sources: DRAMeXchange (chip spot prices), WSJ reporting; Photos: Reuters, Hewlett-Packard (DRAM photos), Newscom, Apple (NAND photos)

CEO S. Gopalakrishnan says Infosys is looking at acquisitions in non-English speaking markets like Germany, France, Japan to get new capabilities.

Reuters

Infosys looks toward global growth

S. Gopalakrishnan, known as Kris to his colleagues, is one of the seven founders of Infosys Technologies Ltd. Mr. Gopalakrishnan took over as chief executive and managing director of the company in June 2007. Mr. Gopalakrishnan has helmed Infosys at a time when the Indian software industry is going through its worst phase since the dotcom bust. He has seen Infosys evolve into India's second-largest software exporter by revenue and he is part of the core team that is setting the agenda for India's bellwether technology companies. His leadership skills will be tested when the Bangalore-based company, listed on the Nasdaq and Indian stock exchanges, is looking to make strategic acquisitions to grow in emerging markets, while reducing its reliance on the key U.S. market.

WSJ: What is your vision for the company and how do you plan to achieve that?
Mr. Gopalakrishnan: There are two parts to the vision. One, we need to expand our footprint outside India from a market perspective—so we are investing in Europe, Asia, Middle East, South and Latin America. We have plans to recruit 1,000 people in the U.S. Already about 140 offers have been made. Seventy have joined. ... In a quarter we are looking at about 250 people. Over time we see about 15% of our employees as non-Indians. The second dimension is to invest in research, development and recruiting the right people.

WSJ: How has Infosys been impacted by the recession?
Mr. Gopalakrishnan: We have been able to maintain our margins and even add our employee strength. So, in spite of growth coming down to almost zero—this year we are looking at almost zero percent growth—we have been able to make the investments required and sustain our margins. Hence, I believe that we are emerging out of it stronger.

WSJ: When do you expect to regain historic growth levels?
Mr. Gopalakrishnan: We don't know whether it will come back to old levels. What we are seeing from projections is that it is possible for the industry to get to double-digit growth rate—between 10% and 20%. I think the recovery of the economy itself would be sufficient to reach this growth level. There are already signs of that.

WSJ: You have almost $2.8 billion in cash. How do you plan to utilize this cash?
Mr. Gopalakrishnan: One of the reasons for that cash is acquisition. It gives you the confidence to make an acquisition happen. But we also believe that we must be able to run the business with no revenue for as long as a year.

We are looking at acquisitions in non-English speaking markets like Germany, France, Japan to accelerate growth and get new capabilities. We are not looking at acquiring a business and cleaning it up and making it profitable.

WSJ: What is the size of the acquisitions you are looking at?
Mr. Gopalakrishnan: Ordinarily we look at a company of 10% of our size. So I am talking about revenue of maybe $300 million to $500 million. But, if a great opportunity comes, we would look at it. And the cash will definitely help.

WSJ: Would Infosys be an acquisition target?
Mr. Gopalakrishnan: If you are a public company you are always an acquisition target...With founders holding probably a 16.5% stake, today potentially we can get bought out. If the company is well run, the likelihood of getting acquired is less.

WSJ: You are one of the last from the core founding group to head the company. Do you have a succession plan?
Mr. Gopalakrishnan: We have a robust succession plan in place. I see most of senior positions filled—let's say 90% to 95% senior position filled—from within the company.

WSJ: How do you view competition from China? There's talk that outsourcing could move from India to China in the future.
Mr. Gopalakrishnan: It is not a factor today. Maybe 5 or 10 years down the line it will be. But right now the competitive dynamics has not changed that much. It is still the same set of five or six companies that we compete always in all markets. A few from India and a few from outside.

WSJ: Where are your fastest growing markets?
Mr. Gopalakrishnan: India is doing well for us. In China we have some challenges. We don't have enough to show our capability in that market. So our brand is not yet there. It will take some time.

WSJ: Why is Infosys conservative in its outlook on client budgets, while others are not?
Mr. Gopalakrishnan: Better is a relative term. The budgets this year declined by 6% to 8% from last year, according to analysts. So being flat is better than declining. We are not overly optimistic at this point because the uncertainties in the market have not gone away. It is better to be cautious. I would not call it conservative.

WSJ: When do you see that kind of confidence returning?
Mr. Gopalakrishnan: May be a couple of years. It is positive if it happens before that. But it is better to be cautious.

WSJ: But you have been optimistic about the pricing environment?
Mr. Gopalakrishnan: We are optimistic. The bottom has been reached and recovery has started. Pricing also continues to be stable. But, we don't see pricing power returning.

WSJ: What about business volumes?
Mr. Gopalakrishnan: That is where the growth will come from, in the next fiscal year also. Whatever growth will be, will come from volumes.

Bazaar: Seoul

What they're buying at Asia's gadget emporiums

iRiver

The place Kyobo Life Insurance Building, Seoul

The goods iRiver Story Edu e-book reader

The specs The 284-gram Story Edu is iRiver Inc.'s follow-up to the Story e-book reader, released in September. The new version, released in November, boasts the same six-inch e-ink display, which conserves battery life by consuming power only when pages are turned. The Story Edu adds a Korean-English language dictionary to the previously included audio player, voice recorder, notepad and diary. E-books can be purchased from Kyobo Book Centre, Korea's largest book retailer, and loaded onto the device via an SD card of up to 32 gigabytes, allowing as many as 6,400 novels. No file conversion is required: The reader supports most formats, including ePub, PDF, TXT, MP3, XLS and DOC. One thing it doesn't have: Wi-Fi capability, which iRiver says it plans to add to an e-book reader in the months ahead.

The price 369,000 won ($320)

The deal Local online auction sites offer the Story Edu for as little as 343,100 won, so it can be found for less if you're willing to hunt. IRiver also provides its reader in 40 different languages.

—Jung-Ah Lee

CAREER JOURNAL

Tips to make yourself more productive

By Alexandra Levit

Getty Images

If you want to learn how to squeeze more out of a single day, ask someone trying to change careers. Heather Huhman of Washington wakes up just after 4 a.m. and hits the gym. Before Ms. Huhman walks into her office at a national health-care association, she writes a column for a local news site. It's something the 27-year-old does to help build her platform as a career expert—a necessity for the success of the company she has founded on the side, Come Recommended (comerecommended.com), a site where people can solicit professional references. And it's this fledgling business that gets a majority of her attention outside business hours.

Ms. Huhman may sound like a workaholic, but she says she regularly makes time to eat meals with her husband and watch college sports on weekends.

How does she do it? "Prioritizing is incredibly important and I am a huge to-do-list person," she says. "For Come Recommended, I keep everything on a whiteboard so it's easy to identify what needs to be done and by when. At work, I carry a notebook with me everywhere, highlighting items once they've been completed." And, though she has three "jobs," Ms. Huhman says she mentally notes that her "full-time one takes precedence."

Some productivity tactics have been around since the dawn of work. Some favorites: Clear off your desk and computer desktop so you don't become overwhelmed by too many tasks claiming your attention at once; and don't put a team meeting on the calendar without a specific agenda that will result in a concrete strategy.

Also, fight the urge to procrastinate by breaking down complex projects into smaller tasks that are easy to start. If you promise yourself a break or a reward once each mini-task is completed, you will be better equipped to push through.

Save time by replacing in-person meetings and seminars with video calls on Skype (skype.com) and Webinars using **WebEx** (webex.com). Skype is free; all you need is a Webcam with a microphone.

Kevin Purdy, an editor at **Lifehacker.com**, a productivity blog, says in 2010 he sees more individuals taking advantage of new **Google** products such as Google Voice, which transcribes text messages and voicemail directly to your email inbox, and Google Wave, a tool that facilitates virtual teamwork with a chat-like device that allows for video, instant messaging and document sharing. Most of Google's tools are still free, and the data are safely backed up and available anywhere you have an Internet connection.

Mr. Purdy also is enthusiastic about the rollout of **Microsoft**'s Windows 7, including a feature that allows you to pin documents to different applications controlling where applications appear on your desktop, "which saves search time," he says.

Career Opportunities

CAREERS

DOWJONES
A News Corporation Company

Dow Jones Newswires *(www.djnewswires.com) is a leading supplier of real-time global economic, corporate and resources news to financial professionals across five assets classes: equities, fixed income, foreign exchange, commodities and energy. It has a network of 21 news bureaus in the Asia-Pacific region.*

We are seeking to fill the following vacancy in our ***Singapore*** *office:*

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New job, same firm: how to avoid pitfalls

By Jane Porter

While starting a new job means learning the ropes at an unfamiliar place, for those faced with a sudden role shift within the same company, the move can be even trickier. But it's happening more these days as companies downsize and responsibilities shift. Whether you are moving from one internal job to another or suddenly answering to a new boss, Rick Brandon, author of "Survival of the Savvy," says you need to take steps to avoid the pitfalls of office politics and work overload.

■ **Talk it out.** When moving from one job to another or transitioning between bosses and departments you can easily get stuck with twice the work. You might be eager to start the new job, but Mr. Brandon advises sitting down with the old and new bosses together to reach an agreement about how the transition will be handled. Who will take over your old role? What will your new job responsibilities entail? "Negotiate time frames for the new job," says Mr. Brandon. If you're asked to take on work in addition to what you do now, ask for a priority list and find out who you will report to for the new responsibilities.

■ **Understand the new rules.** Just because you are still in the same company, doesn't mean you will be playing by the same rules. Take the time to learn how things operate in your new work situation. "It's easy to think, 'I know the company, I've been here for 20 years,' " says Erika Andersen, author of "Being Strategic," and founder of New York-based organizational development firm, Proteus International Inc. "It's really important not to assume that it's the same." While you handed in monthly reports and held monthly meetings in your old job, a new manager may expect you to report your progress weekly or meet more frequently. Be sure to ask about these details early on, says Ms. Andersen. And talk to colleagues about the particulars of the departmental culture.

■ **Stay open.** Reorganization usually leads to angst and fear among employees, whether it's a favorite co-worker whose place you'll be taking or former peers who now report to you. Don't be surprised by initial push-back from co-workers who may see your new role as a threat. Be open with your colleagues about your role and how it fits into the group.

■ **Learn to let go.** Consider in advance what might happen if you're needed back in the old job or role—even temporarily—says Mr. Brandon. Will your new manager be on board with the idea? Can other colleagues or outside consultants help if a crisis hits and your hands are full?

■ **Manage your relationships.** While you may have a new set of colleagues, preserving relationships with old co-workers and managers is important. Stop by to say hello or invite a former boss to coffee. "There's so much reorganization," says Mr. Brandon. "You might end up back with those people."

CEOs and ObamaCare

One lesson that Democrats learned from the failure of HillaryCare in 1994 is that they had to buy the silence, if not the outright support, of the business class. They've done this brilliantly by peddling the illusion that ObamaCare will "lower costs" for employers.

But slowly as the legislative details become clear, it is dawning on executives of businesses large and small that reform is boiling down to a huge tax increase to finance a gigantic new entitlement. The cost and quality of care are afterthoughts that will both suffer, as a growing roll of medical experts have been writing on these pages.

The tragedy is that ObamaCare is not inevitable and far better reforms are still possible—but only if the current version is defeated and Democrats are forced back to the drawing board. With only a few exceptions, drug makers and health-care providers have shown that their priority is rent-seeking from government, which means that any last-minute push back will have to come from the other six-sevenths of the economy.

The Chamber of Commerce and National Federation of Independent Business have finally figured out they were being taken for a ride. And now even the Business Roundtable, the association of CEOs from the largest U.S. companies, is engaged in a furious internal debate about the way forward. The Roundtable has been vaguely supportive but restive. But last week Roundtable president John Castellani was informed in a contentious conference call that many of his members will quit if the organization isn't more assertive against ObamaCare.

What the executives leading the revolt understand is that the current reforms bear no resemblance to the more rational system the Roundtable favors. As Ivan Seidenberg of Verizon accurately put it in September, "The problem with the health-care market in this country is that it doesn't really function as a market—leaving major consumer needs unmet, costs unchecked by competition, and basic practices untouched by the productivity revolution that has transformed every other sector of the economy."

> An internal revolt at the Business Roundtable.

Yet in Congress the market-based policies that could encourage such changes have been ignored, dumped or converted into timid pilot programs. Instead of increasing the competition and consumer choice that would result in better value and reduce the annual double-digit cost increases in health spending, ObamaCare will simply expand the status quo and make it more expensive.

Roundtable companies sponsor health insurance for some 35 million employees. Not only would their wages continue to be depressed as costs continue to accelerate, but large and unpredictable costs would remain on corporate balance sheets.

Most Roundtable members also self-insure under the 1974 law known as Erisa that allows large corporations to offer national insurance largely free of regulatory interference. This flexibility will be undermined with mandated benefit packages and limits on employer ability to innovate with consumer-directed health plans. The most powerful Democrats simply have no appreciation for—or interest in—how a decentralized approach like Erisa could make health care more affordable and result in the coverage expansions that corporate America generally favors.

The larger issue for business is the productivity and competitiveness of the U.S. economy. Democrats are about to pass the largest entitlement expansion in more than four decades when federal spending is already at unprecedented levels. The "pay or play" tax on employers and the hike in payroll taxes on top earners in the House and Senate bills are merely teaser rates. The long-term pressures created on the federal fisc would require enormous tax hikes that would depress capital investment and economic growth, to say nothing of the Roundtable's priority of reducing U.S. corporate tax rates that are among the world's highest.

The tendency among business groups is usually to conciliate and speak the language of consensus—especially with Democrats running all of Washington and able to do great harm to anyone who doesn't cooperate. And no doubt the Roundtable is hearing from the CEOs of companies like Pfizer, Wal-Mart and General Electric that are deeply invested in more government control of the economy. Other members favor making marginal improvements to a faulty bill, on the theory that it's a fait accompli anyway.

Yet if the Roundtable in particular and business in general would invest their advertising dollars, lobbying expertise and prestige into a concerted campaign, there is still a chance to move public opinion enough to stop this destructive bill. That would force the Democrats on the left who are driving this process to work with moderates in both parties to focus on meaningful cost control and better value.

Democrats have defined success as dragging any bill into law as quickly as possible, no matter how damaging, while leaving the mess it creates to be cleaned up in the future once the entitlement is entrenched and higher taxes are inevitable. The only way to prevent that outcome is to force them to start over.

The choice isn't between the status quo with all its flaws and ObamaCare. It's between ObamaCare, and a better reform alternative.

The Politics of Japan Post

Politicians love pots of money to spend, and nowhere more so than in Japan, where the Diet formally decided to reverse the privatization of the world's largest-deposit taking institution Friday. The move ends any hope of real economic reform under the new Democratic Party-led government.

Japan Post plays an outsized role in the world's second-largest economy because it offers government-guaranteed deposits and life-insurance schemes that private-sector firms can't compete with. As a result, its bank has sucked in around 178 trillion yen ($2 trillion) in deposits, which are then funneled back into government-issued bonds, which are then recycled into wasteful public-works projects. It is the beating heart of Japan's political cronyism.

Prime Minister Yukio Hatoyama campaigned on ending this kind of wasteful public spending. But not, apparently, when it serves his government's interests. Voters will elect the upper house of parliament next July, and Mr. Hatoyama wants to win an outright majority there. There's no better way to do that than to pledge to keep around 24,500 Japan Post offices open, especially in politically important—and economically depressed—rural areas.

> The Hatoyama government can't give up its piggy bank.

The political influence is now explicit: Japan Post employees will no longer be classed as "public-sector employees," so they are now free to participate in political activities. Keeping Japan Post under a tight political leash may also be handy if Tokyo decides to embark on another big fiscal spending spree—and needs to find a buyer of government bonds fast.

Mr. Hatoyama may be wagering that he can keep the pols' hands off of Japan Post until he figures out what to do with it. Good luck with that. There are already ideas being floated to turn post offices in delivery points for all kinds of government services. Labor unions want Japan Post to hire more permanent workers. And so on.

The lesson here is that the only way to ensure that Japan Post doesn't waste taxpayer money is to cordon it off from political interests altogether—and let the private sector run it. By ruling that out, Mr. Hatoyama's government has shown that it values politics more than prosperity.

Girlfriends and Double Standards

Here's a poser: Suppose a public official is accused of recommending his girlfriend for a promotion, though he was the one who first flagged the potential conflict of interest and officials had refused to let him recuse himself from decisions about the woman. Should he lose his job?

Max Baucus

That's precisely what happened in 2007 to Paul Wolfowitz, who was run out of the World Bank on the pretext that he had given his girlfriend a raise. In fact, Mr. Wolfowitz had made bank officials aware that his girlfriend already worked at the bank before he accepted the job as president, and bank officials had raised no objection to the job change that removed his girlfriend from any direct reporting to Mr. Wolfowitz. The ethical uproar was a politically convenient excuse, fanned by the media, to oust Mr. Wolfowitz when his real offense was that he was too hard on corruption.

So it's going to be fascinating to see how the press corps and political class react to the news that Montana Senator Max Baucus recommended a staff member who was his girlfriend for the plum job of U.S. Attorney. Mr. Baucus disclosed the attempted sweetheart deal early Saturday after media inquiries made clear the story was breaking. The 67-year-old Senator disclosed that he had recommended Melodee Hanes and two others earlier this year for the U.S. Attorney post in Montana. While Presidents appoint U.S. attorneys, by tradition home-state Senators have significant influence in the selection, especially Senators from the same party as the President.

A spokesman said the Senator and Ms. Hanes began their relationship in mid-2008 after Mr. Baucus separated from his wife. Ms. Hanes left his payroll earlier this year, but only later did the couple come to their senses and decide to withdraw her application for the U.S. Attorney post. She nonetheless landed on her feet in another job at the Justice Department, and "was awarded the position based solely on her merit," the Baucus spokesman said. Of course she was.

As Senate Finance Chairman, Mr. Baucus is a crucial player in health-care reform, and our guess is that neither Democrats nor their media allies will want to explore this nepotistic near-miss lest it interfere with that greater political goal. But if they don't, we will learn a good deal about workplace ethics and political double standards.

OPINION

Global Warming and Mt. Kilimanjaro

By Bjørn Lomborg

Climate change has captured the attention of politicians around the world. The following article is part of a series, leading up to the United Nations conference on global warming in Copenhagen that starts this week, on how ordinary people in different countries view the issue:

Every year, more than 10,000 tourists are drawn to Mount Kilimanjaro in Tanzania, driven in no small part by the fear that the mountain's magnificent ice will soon melt.

Mary Thomas lives not far from their path, on the southwestern slopes of that mountain, but tourists do not come to her town of Mungushi. At 45, Mrs. Thomas is a widow. Her husband died of complications from HIV/AIDS; she too was diagnosed as HIV positive. "When my husband's family found out that I had HIV, they isolated me and took my house," she told a Copenhagen Consensus researcher in June. "Before I got HIV I never expected to live like this and be so poor. I had a good house and food on the table and I was living a good life."

Today, Mrs. Thomas lives in a small, two-room house with no electricity. The toilet is a hole in the ground outside the house. Her three children, all HIV negative, have been taken away by relatives. She worries about their care after her death. She has heard talk of melting ice on Mount Kilimanjaro, and she has noticed less snow and rain and drier conditions since she was a child. "It worries me."

This, according to climate groups, is a critical and urgent problem. Greenpeace warns there could be no ice left on the mountain within just eight years. "This is the price we pay if climate change is allowed to go unchecked," warns the group.

Melting snows are less of a concern than AIDS.

Climate activists claim the receding ice is evidence of the need for developed countries to reduce carbon output. Actually, the glaciers on Mount Kilimanjaro have been receding since 1890, according to research by G. Kaser, et al., published in the International Journal of Climatology (2004). They note that when Ernest Hemingway published "The Snows of Kilimanjaro" in 1936, the mountain had already lost more than half its surface ice area in the previous 56 years. This is more than it has lost in the 70 years since.

According to this study, and another published in Geophysical Research Letters (2006) by N.J. Kullen, et al., the reason the ice is disappearing is not warming temperatures, but a shift around 1880 toward drier climates. What we see today is a hangover from that climactic shift. Even if some of their claims are questionable, climate activists have managed to promote local tourism and have done a great job at bringing the world's attention to the mountain's glaciers. But they are doing a poor job at bringing attention to the actual people of Tanzania.

For Mrs. Thomas, arguments over the state of the ice are irrelevant. When she was asked by a Copenhagen Consensus Center researcher what donors and the Tanzanian government should do, she doesn't think for long. "Education is the first priority," she says, "and it should provide proper understanding of HIV and reduce the stigma. The next priority is microfinance so people can have the chance to become self-reliant."

As she puts it, "There is no need for ice on the mountain if there is no people around because of HIV/AIDS."

Mr. Lomborg is director of the Copenhagen Consensus Center, a think tank, and author of "Cool It: The Skeptical Environmentalist's Guide to Global Warming" (Knopf, 2007).

The Supreme Case Against Sarbanes-Oxley

By James Freeman

The most powerful czar in Washington will receive some long-overdue scrutiny this week when the Supreme Court hears a challenge to the constitutionality of the Public Company Accounting Oversight Board (PCAOB).

This board, created by the Sarbanes-Oxley Act of 2002, regulates the auditors of publicly-traded firms. The members are hired by the Securities and Exchange Commission (SEC) and, say the plaintiffs in *Free Enterprise Fund v. PCAOB*, do not answer to the president. This violates the Constitution's "appointments clause," according to which senior executive-branch officials should be appointed by the president and confirmed by the Senate.

Yet Sarbanes-Oxley, or Sarbox, itself should be subject to scrutiny. New research suggests that the costs of this legislation far outweigh its benefits to the investing public.

If you're wondering whether the members of PCAOB qualify as senior officials, consider that they have regulatory power over every public company in America. Board members fund their activities by collecting taxes, i.e., fees, from public companies based on the size of their assets.

But those fees are just the tip of the iceberg of costs imposed by PCAOB. The board is charged with making sure that Sarbox's Section 404 rules on "internal controls" over bookkeeping are implemented. These rules are so onerous that companies have had to undertake exhaustive investigations of such minor issues as how many people should be required to authorize small customer refunds at a retail location.

In 2003 the SEC estimated that the average company could do much of its internal controls work for $91,000 per year. In 2007, the commission acknowledged costs had gotten out of hand, particularly for smaller companies, and told the PCAOB to make the internal controls audits more cost-effective.

In 2008, the SEC's Office of Economic Analysis launched a survey of public companies to judge the results, and it recently posted the findings on the SEC Web site, after collecting data from thousands of corporations.

Section 404 is still consuming more than $2.3 million each year in direct compliance costs at the average company. The SEC's survey shows the long-term burden on small companies is more than seven times that imposed on large firms relative to their assets. Are the internal controls audits helpful? Among companies of all sizes, only 19% say that the benefits of Section 404 outweigh the costs. More respondents say that it has reduced the efficiency of their operations than say it has improved them. More say that Section 404 has negatively affected the timeliness of their financial reporting than say it has enhanced it.

In the years since its passage, the country has experienced a historic drought of initial public offerings. Is Sarbox to blame? Many financial pundits say no, but the SEC survey results point in the other direction. When public companies are asked whether Section 404 has motivated them to consider going private, a full 70% of smaller firms say yes, and 44% of all public companies also say yes.

Has Sarbox driven businesses out of the country? Among foreign companies, a majority in the survey say that Section 404 has motivated them to consider de-listing from U.S. exchanges, and a staggering 77% of smaller foreign firms say that the law has motivated them to consider abandoning their American listings.

In a separate survey of securities analysts, credit raters and other financial-information consumers, the SEC staff found a more favorable view of Section 404, but these consumers admitted they found the "benefits . . . are inherently hard to quantify."

Getty Images

In fact, consumers have already participated in a much more robust and meaningful survey. University of Minnesota economist Ivy Zhang has tracked stock trading during the consideration of Sarbox in 2002 and then during periods when the SEC has considered exempting small companies from the most onerous audits. Comparing U.S.-listed companies to foreign companies free from Sarbox, she finds an increased likelihood of heavier Sarbox regulation is followed immediately by "negative abnormal returns" for U.S. stocks. On the other hand, news of potential relief from the law pushes up American stock prices.

That's not a vote of confidence from the people supposed to benefit from the law. Investors have been skeptical about this political exercise from the beginning. Little surprise that 74% of SEC survey respondents say that Section 404 has had little or no impact on investor confidence in their companies.

More troubling, a new paper in the Journal of Accounting and Economics finds that since the passage of Sarbox, U.S. firms reduced their investments in capital expenditures and research and development compared to firms in the U.K. and Canada. Authors Leonce Bargeron, Kenneth Lehn and Chad Zutter of the University of Pittsburgh count the ways the law discourages innovation: "First, by increasing the role of independent directors in corporate governance and expanding/criminalizing their liability for corporate misdeeds, [Sarbox] discourages directors from approving risky investments that are costly to monitor." The same goes for senior managers.

The authors also note that the SEC "acknowledges that the risk of financial misstatements is directly related to the complexity of a firm's operations, the extent to which it relies on specialized knowledge, and the degree to which its organizational structure is decentralized."

Where these factors are more prevalent, compliance costs will increase. In short, national policy imposes a disproportionate burden on innovative companies that delegate responsibility to highly-trained scientists. Could one devise a more destructive policy for the U.S. economy?

A glimmer of hope lies in the fact that Sarbox, drafted in the political panic following the Enron and Worldcom accounting scandals, failed to include a "severability clause." Thus if PCAOB is struck down as unconstitutional, all of Sarbanes-Oxley could come crashing down with it.

Is all this fuss about board appointments just legal hairsplitting? Sam Kazman, general counsel of the Competitive Enterprise Institute, one of the plaintiffs suing the PCAOB, doesn't think so. He notes that "responsibility for bureaucrats was a fundamental issue for the Framers," and that the appointments clause was created "as an essential check on overweening bureaucracy. As colonists of England, they had seen offices created by both the king and Parliament spawn more offices with no accountability, creating what the Declaration of Independence refers to as a 'multitude of new offices' and 'swarms of officers to harass our people and eat out their substance.'"

Today, people who work at public companies—and their investors—understand this problem perfectly.

Mr. Freeman is assistant editor of the Journal's editorial page.

Corrections & Amplifications

ExxonMobil was a 2008 donor to Transparency International USA, a chapter of Transparency International. Bret Stephens's column of Dec. 2 ("Climategate: Follow the Money") stated that Exxon had given money to Transparency International.

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OPINION

Bringing JAL Back From the Brink

By Peter Harbison

It's an understatement to say that Japan Airlines is having problems. Japan's flagship carrier lost $1.5 billion in the six months up to September 30 and its chief executive won't even forecast the next half's loss. Several merger or strategic partners are circling. The question now is whether the management and government overseers will recognize what went wrong in the past, and apply those lessons to get JAL flying on the right path again.

State support for Japan's flag carrier has hindered the transformation it needs to be competitive.

Some of JAL's woes will sound familiar. It is saddled with the same high labor costs and pension obligations of other full-service airlines like British Airways or United. It had other legacy problems too, like low-yielding routes maintained more for national trade interests than for solid returns. JAL also built up a labyrinthine network of subsidiaries (like its various airline brands and hotels) over the years that distracted from core activities.

But JAL has another, counter-intuitive problem: the level of support it has received from the government. Since JAL's privatization in 1987, Tokyo hasn't provided much direct financial support. But policies such as limiting foreign carriers' access to Tokyo's Narita airport, with the exception of several U.S. carriers with longstanding bilateral access agreements, have allowed JAL to maintain its dominant position at one of Asia's most important aviation hubs. Tokyo has effectively made entry by local startups nearly impossible, protecting JAL and rival All Nippon Airways (ANA), which between them control most of the Japanese market.

All this support has shielded the company from the market forces that would otherwise have pushed it to start fixing its business model long ago. In response to competitive pressures, carriers from Malaysia Airlines and Air New Zealand to Australia's Qantas have transformed themselves into more efficient companies. But at JAL, from management to staff and unions down to pensioners, a deeply ingrained assumption has developed that when all else fails the government will be there to prop up the company.

The net result is that JAL is not best positioned to capitalize on what should be several big advantages. Japan's location makes it an ideal hub from which to access mainland China. And Japan still is the world's second-largest economy, with a business-travel market to match—the highest-yielding in North Asia. Smaller, better-run rival ANA is succeeding based on exactly these factors.

Bloomberg News
On the move at Tokyo's Haneda Airport.

Now the government can no longer shield JAL. Even Japan's limited liberalization, such as the gradual loosening of bilateral air treaties, has caused such leakage in the protective dam that inefficient airlines cannot avoid being swept away. This will create opportunities to transform JAL into a functional carrier.

Most immediately, the company needs to tackle debt of $15 billion. Major creditors like Japan's state-owned Development Bank have supported restructuring efforts, under considerable urging from Tokyo. Future cash injections seem almost inevitable before JAL can be reborn. Management must address sensitive political and social problems, like persuading the airline's pensioners to accept substantially reduced retirement benefits and making deeper staff cuts. Fleet reduction, to focus around the more fuel-efficient Boeing 777 jet, will be the core international strategy, relying on a host of new marketing agreements with partners to make up the difference for route cuts. In short-haul markets, JAL must follow the example of ANA to establish a low-cost subsidiary.

Complicating matters, earlier government policies that protected JAL could now stand in the way of a rescue. Two possible saviors are American Airlines and Delta Air Lines. However, U.S. regulators would frown on either choice on competitive grounds. American already has a marketing alliance with JAL and an investment in the Japanese carrier could cement American's ability to piggy-back on JAL's dominant position at Narita. For its part, Delta already has a significant presence at Narita and wooing JAL into its SkyTeam marketing alliance would entrench that position. Absent greater opening of Narita to new competitors, U.S. antitrust regulators will be skeptical of either outcome.

The best way to save JAL is to set it free. Negotiating an open-skies agreement with the U.S. that would give all American carriers easier access to Narita would clear the way for Washington to approve a vital investment by either American or Delta. Talks are already underway. New runways at Narita and Tokyo's other airport, Haneda, have eased the congestion the protectionist-minded Transportation Ministry used to cite as an excuse for access restrictions.

Japan's aviation future depends on the ability of Tokyo regulators and JAL managers to liberalize the market and put JAL on a more competitive footing. China will eventually dominate the region's aviation system, and the world's. What Tokyo does in the next few months will do much to shape the country's medium-term relevance in the region's marketplace. If JAL survives, it will have to be in a new-generation form that is sustainable without the need to lean on the government for support.

History suggests this will be hard for bureaucrats and managers to grasp. More likely is a patched-up compromise that will allow JAL to totter along for a few more months, as has happened several times since privatization. But another large injection of state funds would only delay necessary tough decisions. If the new government is able to overcome historic policy inertia, the rewards for Japan will be worth all the stress.

Mr. Harbison is executive chairman of the Centre for Asia Pacific Aviation.

Korea's Next Credit Boom—and Bust?

By Jasper Kim

The United States and Europe are still recovering from a debt binge that collapsed spectacularly last year. South Korea was spared those financial excesses. But the Korean economy is now on track to recover from the global slowdown by embarking on a consumer borrowing frenzy of its own. If history is any guide, the country may eventually be in for an awful hangover.

Aggregate total household debt increased to 712.8 trillion won ($618 billion) this past quarter, a record-high aggregate figure and a 5.4% increase from the same period last year. As of the third quarter figures just released by the Bank of Korea, the average Korean household carried a total debt burden of 42.13 million won. Much of this is property-related: Mortgage borrowing is up by 20.8 trillion won from the end of 2008, to a total outstanding mortgage debt of 257.6 trillion won as of September. But credit-card debt also is playing a role, with spending on cards increasing by 6.5% in the third quarter compared to the second.

This is at root a monetary phenomenon. The Bank of Korea has kept its benchmark interest rate at a record low of 2% for nine months in an attempt to revive the economy and to align domestic monetary policy with the Federal Reserve in Washington. The net result has been a cheap cost of funding for Korean credit-card issuers. With typical cards charging 25% interest on balances, issuing credit cards is one of the most lucrative ways to cash in on cheap liquidity.

Meanwhile, several policy decisions have pushed this monetary-policy-fueled credit into consumer credit cards as opposed to other outlets. Starting in 1999, Seoul took steps ranging from abolishing legal limits on cash advances to installing the technological system that allows retailers to receive payments by card. The credit-card consumption incentive tax rebate can amount to nearly one-quarter of income earned for the average Korean. These policies, combined with aggressive and largely unregulated marketing by issuers and minimal credit screening measures, have encouraged Koreans to use their credit cards to rack up debt.

If this consumer-credit boom collapses, it could shake the Korean economy during its tenuous recovery. Consider what happened the last time Korea went down this road, after the 1997 financial crisis. Back then, cards were introduced as a way to spur consumer demand. By 2006, South Korea ranked second in credit-card use, behind Britain, with 83 million cards in circulation. Yet by 2003, nearly 10% of the entire working population was behind on its credit-card bills by at least three months. New personal bankruptcy filings surged three-fold to 3,856 in 2003 from 1,335 in 2002. Personal bankruptcies peaked at 123,691 in 2006, according to Korean Supreme Court figures, a staggering 90-fold increase from 2002.

Loose monetary policy is encouraging a dangerous run-up in consumer credit-card lending.

This uptick in defaults dramatically increased the amount of bad loans sitting on the books of credit card issuers, which in 2003 caused a surge in bad assets and a liquidity shortage. Many issuers came close to bankruptcy. The largest, Samsung Card, lost nearly $1 billion, while second-largest LG Card required a $1.6 billion emergency loan bailout package from its creditors. The Korea Asset Management Company—which was used to clean up banks after the 1997 crisis and funded by the government—purchased over $5 billion in assets from credit-card issuers during this period, with anticipated write-downs of 30% of principal.

Seoul risks setting itself up for a replay if the current trend of consumer leverage continues. Issuers are subjecting card applicants to slightly more credit scrutiny than before the 2003 bubble inflated. But despite the lessons of that experience, the lure of high profits amid cheap credit apparently is proving very tempting, leading to the growth in credit-card lending of the past few months.

A credit-card collapse would ripple through the economy, especially since growth over the past year has been so dependent on consumer spending. Credit-card spending accounts for nearly half of all private spending, according to recent statistics from the Financial Supervisory Service and Credit Finance Association. After the collapse of the last card bubble, GDP growth fell dramatically to 2.8% in 2003 from 7.2% the previous year as consumer spending contracted in the wake of the credit-card bust. The economy fell into a recession during that same period on the back of plummeting consumer spending.

Policy makers have taken steps with some success to constrain individual aspects of the current credit boom. For instance, new regulations capping the permissible loan-to-value and debt-to-income ratios for mortgages and borrowers have helped shave property values by more than $1 billion in the past month alone, arguably bringing them back to realistic levels.

But Korean consumers remain dangerously leveraged. What happens when the central bank increases interest rates from their current record lows, which will increase monthly loan payments of all kinds, including personal loans and mortgages, for borrowers? Higher rates can be the trigger that will quickly turn greed into fear.

At a minimum, the central bank must remind borrowers that the current era of low interest rates will not last forever and must further tighten controls as to who can qualify for credit cards. The government also should provide better-coordinated supervision and disclosure efforts for credit-card marketing, and continue to push for greater use of relatively less risky debit cards instead of credit cards.

Otherwise, South Korea could find itself recovering from the global financial crisis by falling into the very same debt trap that created the crisis in the U.S. and Britain in the first place.

Mr. Kim, associate professor of law and finance at the Graduate School of International Studies of Ewha Women's University in Seoul, is the editor of the forthcoming book "Korean Business Law" (Carolina Academic Press).

IN DEPTH

Matthew Craig/MJR for The Wall Street Journal

A partially finished beachfront residence sits beside the skeleton of another unfinished home at Robert Sillerman's luxury hotel, condominium and golf resort in the Caribbean island of Anguilla.

Paradise lost in Caribbean for wealthy resort novice

Trophy hotel investments made during the real-estate boom have turned into major burdens for some American moguls

Sand traps

Resorts across the Caribbean have stalled in construction due to financing troubles and anemic condo sales.

By Kris Hudson
Anguilla, British West Indies

ROBERT SILLERMAN amassed a billion-dollar fortune buying and selling media and entertainment companies. Among his most successful deals: the purchase of television franchise "American Idol."

Mr. Sillerman's winning streak ended on an alluring stretch of beach on this tiny Caribbean island.

His luxury hotel, condominium and golf resort here, Temenos, languishes half-built and out of money. "American Idol" creator Simon Fuller and novelist Dan Brown, among others, have put down deposits on million-dollar villas. It's not clear when or if their vacation homes will be completed.

"I do feel remorseful, and I do feel regret," Mr. Sillerman said in an interview at his Manhattan office. He said he no longer expects to recoup the $180 million he personally invested in Temenos. "I think that I exhibited an element of hubris," he said. Resort development "was not my area of expertise by any stretch of the imagination."

For some ultrawealthy Americans like Mr. Sillerman, trophy hotel investments made during the real-estate boom have turned into major burdens.

Some newly opened properties aren't generating enough cash to cover operating expenses. Construction of others is being halted as lenders and investors pull out. During the first nine months of the year, developers postponed or canceled 43 luxury hotels totaling about 9,300 rooms in the U.S. and the Caribbean, according to research firm Lodging Econometrics.

While veteran hoteliers are accustomed to booms and busts, the newcomers are getting a sobering lesson in the risks of owning and developing high-end lodging, which has been hit hard by the real-estate bust.

An investment group headed by Dell Inc. founder Michael Dell teamed with Rockpoint Capital LLC to acquire the Four Seasons Hualalai in Hawaii in 2006. Since then, the 243-room hotel's annual cash flow has fallen to $7.9 million, from $20.6 million, and its occupancy rate declined by 33 percentage points to 54%, loan documents indicate. A hotel executive says part of the decline was due to a renovation that temporarily closed some rooms.

Ty Warner, the Beanie Baby mogul, might lose his slumping Four Seasons New York and three other luxury hotels to foreclosure unless he can land a one-year extension on the properties' $345 million securitized mortgage, which comes due Jan. 9, according to credit-rating company Realpoint LLC.

Microsoft Corp. founder Bill Gates has run into several problems on the hotel front. In 2007, his personal investment company

IN DEPTH

teamed with Saudi Prince Alwaleed bin Talal to acquire Four Seasons Hotels & Resorts, which manages 82 luxury properties, for $3.4 billion. Since then, revenue per available room at those properties is down 25%. In addition, his investment company is foreclosing on the 582-room Terranea Resort in Palos Verdes, Calif., which defaulted on a $110 million loan from Mr. Gates's firm shortly after opening in June.

EBay Inc. founder Pierre Omidyar is a major investor in Montage Hotels & Resorts, which owns two luxury hotels in California and one about to open in Utah. At its new Beverly Hills boutique hotel, occupancy is running about 60%, and only four of its 20 residences have sold so far.

Years ago, most large hotels and resorts were owned by companies such as Hilton Worldwide Inc. and Marriott International Inc. But in the late 1980s, the big hotel companies began selling off their properties to focus on managing and operating hotels owned by others.

Wealthy investors sometimes view high-end hotels and resorts as a way to highlight their personal approaches to luxury living, says Jim Taylor, vice chairman of the Harrison Group in Waterbury, Conn., which tracks the spending and investing habits of the wealthy. "It's a business...where they'd have a distinctive idea of what works," he says. "There's also ego value in ownership of a hotel."

The industry is now in a major slump. Since 2007, revenue per available room at North American luxury hotels, including in the Caribbean, dropped 26%, to an average of $141.58, according to Smith Travel Research. That compares with an 18% decline to $56.53 for all U.S. hotels. This year, occupancy rates at North American luxury resorts have declined 10 percentage points to 60.3%, outpacing the eight-point slide for all North American hotels, according to Smith Travel.

Potentially making matters worse, luxury hotels begun in the final years of the boom are now being completed, adding to the supply. "I think we're looking at seven to 10 years before luxury can get back to where it used to be," says Bjorn Hanson, an associate professor of lodging at New York University.

Mr. Sillerman also has problems in Las Vegas, where one of his companies bought seven hectares on the Strip to build a casino-hotel. The project never got started, its $475 million mortgage is in default, and the land is slated to be auctioned as part of the project's pre-packaged bankruptcy filing.

Prior to diving into the hotel industry, Mr. Sillerman had a sterling track record building businesses and selling them. A slender, balding 61-year-old with a thick mustache, he speaks in a halting rasp due to a battle with cancer in 2001.

Mr. Sillerman, a New York native, started buying radio stations in the 1970s, teaming up on some deals with disc jockey "Cousin Brucie" Morrow. Over the next two decades, he bought many radio and television stations. In 1998, he sold his 120-station company, SFX Broadcasting, to Capstar Broadcasting Corp. for $1.2 billion. "It's hard to script anything that went better than SFX Broadcasting," he says.

He then began expanding a business that bought concert venues and music-promotion companies, betting that greater scale would give him more clout in booking pop and rock musicians. He sold that company, SFX Entertainment, to Clear Channel Communications Inc. in 2000 for $3 billion.

He even had good luck on Broadway. After meeting entertainer Mel Brooks in 1998, Mr. Sillerman agreed to chip in $2 million to help finance Mr. Brooks's "The Producers." The musical went on to become one of the highest-grossing productions in decades.

Mr. Sillerman formed his latest venture, CKx Inc., in 2004. It spent $100 million for an 85% stake in Elvis Presley Enterprises, which includes management of Graceland, the late singer's Memphis, Tenn., estate. He bought the marketing rights to boxer Muhammad Ali's name. In 2005, after the third season of "American Idol," CKx bought 19 Entertainment, producer of that hit program and the dance-competition show "So You Think You Can Dance," for $190 million. Its shows and related business lines generated $224 million in revenue and $75 million in operating income for CKx in 2008, the company reports.

Jonathan Knee, a former banker at Goldman Sachs Group and Morgan Stanley who has negotiated with Mr. Sillerman, says the investor has an "incredible instinct for good business" and always was careful not to let star power influence entertainment-business decisions. "My guess is real estate is an area that requires some industry-specific knowledge," Mr. Knee says. "And I'm not aware that that was Bob's particular expertise."

Mr. Sillerman first set foot on Anguilla in 1982, and over the years, visited often, completing a home there in 2007. The island—a small, flat area of limestone, coral and scrub vegetation—has a population of only 14,000. Its pristine beaches and coral reefs don't draw as many tourists as other Caribbean islands.

Anguilla's government has positioned the island as a destination for wealthy vacationers, restricting the size of resorts to little more than 150 hotel rooms. A handful of luxury retreats dominate the tourist trade, including the 102-unit CuisinArt Resort & Spa opened in 1999 by Leandro Rizzuto, owner of the Cuisinart and Conair Corp. home-goods brands.

In 2002, Mr. Sillerman proposed to Anguilla's government that he build the island's first golf course. Anguillan Chief Minister Osbourne Fleming suggested that Mr. Sillerman build a five-star resort to accompany the course. The politician envisioned the resort providing 500 permanent jobs and hundreds of construction jobs. He committed to waive taxes on imported furnishings and building materials for the hotel.

Mr. Sillerman pitched the idea to Flag Luxury Properties LLC, a hotel developer in which he is an investor. Flag Chief Executive Paul Kanavos warned him that hotel development in the Caribbean is risky, often hinging on the whims of local governments, recalls Mr. Sillerman. In addition, since most building materials and labor have to be imported, developments in the Caribbean often take twice as long to build and cost at least 30% more than in the U.S.

Messrs. Sillerman and Kanavos decided to proceed despite the risks. "I guess it was a combination of wanting to do even more for the island and believing it would be a productive investment," Mr. Sillerman says.

Mr. Fleming's government cobbled together 81 hectares to lease for Temenos and its golf course, and Flag purchased an additional 32 hectares. Construction started in 2005. Some of the 78 planned villas and estate homes sold to Mr. Sillerman's friends and associates, including to Mr. Fuller, the "American Idol" creator, and Mr. Brown, author of "The Da Vinci Code." According to Flag, by last year, three-quarters of the units were under contract, with buyers paying deposits of up to 30%. The golf course and clubhouse opened in 2007.

The developers planned a 32-unit hotel, to be run by Starwood Hotels & Resorts Worldwide's St. Regis brand, with nightly rates from $900 to $1,500.

Temenos—a Greek word meaning sanctuary—was soon beset with problems. Fuel and freight costs rose sharply during construction. Building-material costs rose by 30% from 2005 to 2007, says Flag's Mr. Kanavos.

Anguilla had stipulated that first consideration for construction jobs go to Anguillans. Mr. Kanavos says that requirement led to labor shortages and inefficiencies, which produced delays. Flag didn't get the government's permission to import workers until two years after construction began, he says. Anguilla also required that construction equipment be leased from local companies, which Mr. Kanavos says added millions of dollars to costs.

Mr. Fleming, Anguilla's chief minister, denied in an interview that government construction guidelines had led to the cost overruns. "There were deficiencies" in Flag's planning, he said, declining to elaborate. Flag officials note that the company has completed construction of several U.S. resorts on time and on budget.

St. Regis, the Starwood Hotels brand, demanded an expansion of the resort's manor house, slowing development further. St. Regis pulled out of the project in November 2007, and was replaced last year by Baccarat Hotels & Residences, a luxury-hotel brand launched by Barry Sternlicht, Starwood's former chief executive.

With costs mounting, Flag turned to Mr. Sillerman repeatedly to contribute more capital, asking for $5 million to $10 million each time. Mr. Sillerman says he met many of the requests, but eventually stopped. "I had to adopt a more objective approach to it," he says. "It seemed like there was no end to the requests, and the best choice was to reorganize" by seeking outside investors.

Mr. Sternlicht's Baccarat pulled out, citing the project's failure to land additional financing. Mr. Sternlicht sued Mr. Sillerman in New York state court in June, seeking to recoup $25 million his company invested. Mr. Sillerman denies that he owes that money.

Recently, Mr. Sillerman paid $21.4 million to satisfy a personal guarantee on the resort's $180 million mortgage, which is in default, adding to the $180 million he already has sunk into it.

The golf course, designed by Greg Norman, has closed. Flag estimates that up to $120 million more is needed to complete construction of the resort. But after more than a year of searching, Flag and Mr. Sillerman haven't yet found new backers.

With the project stalled, it hasn't produced the expected local jobs and tax revenue. That contributed to Anguilla's need to make spending cuts such as reducing government salaries by 5% to 15%, Mr. Fleming says.

"That project was the most important project Anguilla ever had," Mr. Fleming says. "Every person in Anguilla has been affected negatively by its nonperforming."

Mr. Sillerman says Temenos eventually will be completed. "I'd like to get it finished, more for the villa owners and the people of Anguilla," he says. "I've long since written off any possibility of getting my money back."

WSJ.com

Online today: See video and photos from Anguilla's Temenos resort at **WSJ.com/RealEstate**

Developer Robert Sillerman, above. At right, one of the last remaining groundskeepers at Mr. Sillerman's Temenos resort, which includes a golf course designed by Greg Norman. Kerry Knotts, below, CFO of the construction project, walks through an unfinished residence.

(Clockwise from top left) Getty Images; Matthew Craig/MJR for The Wall Street Journal (2)

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U.N. CLIMATE SUMMIT

Business opposes EPA finding on emissions

By Jeffrey Ball And Charles Forelle

Officials are gathering in Copenhagen this week for an international climate summit, but business leaders are focusing even more on Washington, where the Obama administration formally declared carbon dioxide a dangerous pollutant.

An "endangerment" finding by the Environmental Protection Agency paves the way for the government to require businesses that emit carbon dioxide and five other greenhouse gases to make costly changes in machinery to reduce emissions—even if Congress doesn't pass pending climate-change legislation. EPA action regulating emissions will affect the U.S. economy more directly, and more quickly, than any global deal signed in the Danish capital, where no binding agreement is expected.

Many business groups are opposed to EPA efforts to curb a gas as ubiquitous as carbon dioxide.

An EPA endangerment finding "could result in a top-down command-and-control regime that will choke off growth by adding new mandates to virtually every major construction and renovation project," U.S. Chamber of Commerce President Thomas Donohue said. "The devil will be in the details, and we look forward to working with the government to ensure we don't stifle our economic recovery," he said, noting that the group supports federal legislation.

The EPA action gives President Barack Obama something to show at the the Copenhagen conference.

EPA action won't do much to combat climate change, and "is certain to come at a huge cost to the economy," said the National Association of Manufacturers, a trade group that stands as a proxy for U.S. industry.

Dan Riedinger, spokesman for the Edison Electric Institute, a power-industry trade group, said the EPA would be less likely than Congress to come up with an "economywide approach" to regulating emissions. The power industry prefers such an approach because it would spread the burden of emission cuts to other industries as well.

Electricity generation, transportation and industry represent the three largest sources of U.S. greenhouse-gas emissions.

EPA officials announced at a news conference Monday the agency's proposed endangerment finding. Congressional Republicans have called on the EPA to withdraw it, saying recently disclosed emails written by scientists at the Climatic Research Unit of the U.K.'s University of East Anglia and their peers call into question the scientific rationale for regulation.

An EPA spokeswoman said Sunday that the EPA is confident the basis for its decision is "very strong," and that "we invite the public to review the extensive scientific analysis informing" the decision.

EPA action gives President Barack Obama something to show leaders from other nations when he attends the Copenhagen conference on Dec. 18 and tries to convince them that the U.S. is serious about cutting its contribution to global greenhouse-gas emissions.

The majority of increased greenhouse-gas emissions is expected to come from developing countries such as China and India, not from rich countries like the U.S. But developing countries have made it clear that their willingness to reduce growth in emissions will depend on what rich countries do first. That puts a geopolitical spotlight on the U.S.

At the heart of the fight over whether U.S. emission constraints should come from the EPA or Congress is a high-stakes issue: which industries will have to foot the bill for a climate cleanup. A similar theme will play out in Copenhagen as rich countries wrangle over how much they should have to pay to help the developing world shift to cleaner technologies.

An endangerment finding allows the EPA to use the federal Clean Air Act to regulate carbon-dioxide emissions, which are produced whenever fossil fuel is burned.

—Ian Talley and Stephen Power contributed to this article.

FROM PAGE ONE

Japan Post ex-chief blasts plan

Continued from first page

aborted on Friday by the Democratic Party of Japan, which won a landslide election victory on Aug. 30. The new government is seeking to overturn many of free-market policies of the long-ruling Liberal Democratic Party.

As a symbol of the sharp reversal the new government is engineering at Japan Post, Mr. Nishikawa was replaced not by another banker, but by Jiro Saito, the top bureaucrat at the Ministry of Finance from 1993 to 1995.

Over the past few months, the new minister of postal reform, Shizuka Kamei, has called for Japan Post to make loans to small businesses and to help finance regional communities.

"This could be considered as a return to the old days of fiscal finance via the bloated FILP," said Mr. Nishikawa, referring to the Fiscal Investment and Loan Program, adding that such policies would need a big increase in staff and investment in data and service systems. "The post offices are not in condition to cover the cost."

The Osaka University law graduate also said the post offices don't have a tradition of cost management, though he tried to instill the need for profitability during his tenure.

Former LDP Prime Minister Junichiro Koizumi had made privatization of Japan Post the centerpiece of his push to try to jolt Japan out of its lengthy slump though greater deregulation. In 2005, he hand-picked Mr. Nishikawa to transform Japan Post because of his long and prestigious career at one of Japan's largest commercial banks, Sumitomo Mitsui Financial Group.

"Since financial services is such a large part of Japan Post's activity, the government wanted someone with a lot of experience in the area," said the soft-spoken Mr. Nishikawa in an interview held in the offices of Sumitomo Mitsui Banking Corp., SMFG's main commercial-banking unit, where he has returned as an adviser.

Before the privatization process started in 2007, with the segmenting of the company into four units, politicians used Japan Post to funnel cash from individual savers into public-works projects via the Ministry of Finance-run investment and loan mechanism called FILP. After Japan's economic bubble burst in the early 1990s, the government tried to spend its way out of the recession. Pork-barrel politics became rife and FILP's budget ballooned.

Agence France-Presse

Former Japan Post Holdings President Yoshifumi Nishikawa calls the end of the privatization effort a waste.

When Prime Minister Koizumi came to power in 2001 he wanted to curb public spending, and ended Japan Post's obligation to lodge its assets with FILP, significantly scaling back the program.

During his four-year tenure, Mr. Nishikawa brought in other bankers from SMFG in an effort to end what he saw as bureaucratic inefficiencies. He said he broke up the "old boy" system where several thousand former Japan Post employees had landed jobs at the group's suppliers. He also linked Japan Post to other banking data networks, a move Mr. Nishikawa says is now in danger because other banks had expected the state-run Japan Post to be 100% privatized.

Critics say Mr. Nishikawa is responsible for the lack of diversification of Japan Post's investment portfolio. About 80% of the group's investments are in relatively low-yielding government bonds, which could lead to sharp losses if bond yields rise.

Financial Services Vice Minister Kouhei Ohtsuka said recently: "Privatization was supposed to make people's lives easier, but in reality it did not happen this way. ... We would like to utilize the funds to revitalize rural areas rather than buying government bonds."

Mr. Nishikawa counters that Japan Post's assets are so huge that if the group threw money at an asset class, such as syndicate loans, it would be enough to "destroy" the market. "So changing fund management in haste is difficult; it has to be done gradually, maintaining the balance in the market," he said.

Mr. Nishikawa says he oversaw a drastic reduction in Japan Post's balance sheet, which cut the systemic risk the group posed to the Japanese financial system and fulfilled one of Mr. Koizumi's key tenets.

"Shrinking the assets resulted in money flow into the private sector. In that sense Japan Post has already played a part in privatization," Mr. Nishikawa said.

Mr. Nishikawa clearly is disappointed the IPO of Japan Post Bank and Japan Post Insurance has been shelved. "I believed it would happen without a doubt. ... We were targeting going public in 2010 or 2011," he said.

Mr. Nishikawa announced his resignation on Oct. 20 after Mr. Kamei publicly called for him to step down. "It is true he does things a bit in a unique way," he said of the outspoken postal-reform minister.

"Japan Post management will revert to the original government-run style," Mr. Nishikawa warned.

Hyundai to expand in China

Continued from first page

ties.

Further highlighting the significance of the China market, **Daimler** AG's Mercedes-Benz unit announced on Monday that it had bought the naming rights to an arena currently being built in Shanghai. The arena, being developed by three companies including the National Basketball Association, will be the first Mercedes-Benz named venue outside Germany and the first arena in China to have a naming-rights partnership, the companies said. Financial terms weren't disclosed.

Hyundai's China sales for its main brand grew about 80% in the first ten months of this year, and Kia sales grew about 55%, both faster than the overall market. Mr. Noh expects sales to slow next year, but thinks the company can continue to outpace the market's overall rate. He projects Hyundai and Kia together should be able to sell nearly a million vehicles in 2010, up well over 20% from this year, while China's overall vehicle sales grow about 10% to 15%.

Jim Park, chairman of U.S.-based consulting company Global Auto Systems, says Hyundai is committing to China "big time," noting that it plans to launch at least one new compact sedan for each of its brands developed especially for China in the near future.

Hyundai currently has two plants in Beijing, run jointly with Beijing Auto, and Kia has two in Jiangsu province, operated with another Chinese partner. Next year the company will increase capacity by 100,000 cars a year in Beijing and 50,000 cars in Jiangsu.

Mr. Noh said Hyundai could add a sixth plant in China over the medium to long term, possibly in southern China, which the company is hoping for significant growth. The company also plans to make southern China a focus in expanding its Hyundai-brand stores, which it plans to expand to 600 next year, from an expected 500 by the end of this year.

Mr. Noh said the company's two brands are especially under-represented in Guangdong, the huge southern province that is currently dominated by Japanese car brands.

Hyundai had wanted to locate the fifth plant, being planned for Beijing, in Guangdong instead, he said, but acceded to the wishes of the Beijing city government, which owns Beijing Auto. "The Beijing government is pouring resources right now to develop the city's auto sector and didn't want us to locate our new plant in South China," Mr. Noh said.

Rusal is expected to delay its IPO

Continued from first page

debted local companies from losing major assets they had pledged to foreign creditors. Rusal's foreign lenders were threatening to seize its 25% stake in arctic metals giant OAO **Norilsk Nickel**, considered a strategic company in Russia. As a condition of the bailout, VEB took the Norilsk stake as collateral, along with substantial stakes in key Rusal units.

Last week, Rusal's foreign lenders agreed to restructure $7.4 billion in debt, stretching repayment over seven years. VEB, however, hasn't extended the bailout loans for any of its borrowers beyond October 2010.

Early Monday, VEB head Vladimir Dmitriev said that the bank would consider requests from borrowers to extend the loan further and that legal changes are in the works that would allow the bank to make such loans for more than one year.

VEB also has approved plans to be among the biggest single investors in the IPO, buying as much as a 3% stake.

Mr. Dmitriev said the bank could "in principle" consider releasing some of the collateral held against the loan to Rusal. The market value of the Norilsk stake alone now more than covers the loan amount.

A longer extension or release of some of the collateral could help reassure the Hong Kong regulators, a person close to the situation said.

—Amy Or in Hong Kong contributed to this article.

China boosts luxury-car makers with growth in demand
BUSINESS & FINANCE 20

Bankers, start your engines in a race to find funding
HEARD ON THE STREET 32

BUSINESS & FINANCE.

Tuesday, December 8, 2009 THE WALL STREET JOURNAL. asia.WSJ.com

New pay skirmish erupts at AIG

By Deborah Solomon And Serena Ng

Five high-ranking executives at **American International Group** Inc. said last week they were prepared to quit if their compensation is cut significantly by the insurer's government overseers, according to people familiar with the matter.

The threat is the latest in the running fracas between AIG and the government's compensation czar, Kenneth Feinberg, who is charged with setting pay limits for top executives at companies receiving the most federal bailout money.

The AIG executives who notified the company they were prepared to resign include its general counsel, Anastasia Kelly, and the heads of some of its largest insurance businesses. Over the weekend, two of them changed their minds.

The executives are worried that their 2009 pay will be clipped, and that they will be subject to even tougher restrictions in 2010, including a prohibition against collecting so-called golden-parachute severance payments that they are currently eligible for.

AIG's recently hired chief executive, Robert Benmosche, threatened to quit last month amid frustrations over limitations on pay for top AIG executives. He argued that if the government wants AIG to prosper and pay back its debts, it needs to hire and keep top talent. He subsequently agreed to stay.

It doesn't appear that Mr. Benmosche had anything to do with last week's threatened departures, people familiar with the matter say.

AIG is 80% owned by the U.S. government, which has committed $182 billion in support to the firm. As one of the biggest recipients of government aid, AIG is subject to Mr. Feinberg's pay decisions.

In October, Mr. Feinberg reduced 2009 compensation for AIG's top 13 employees by 57%, including limiting most base salaries to no more than $500,000. Those 13 executives were the ones who remained of the 25 top 2009 earners at AIG, whose pay Mr. Feinberg was ordered to review. The others left before the pay review began.

Mr. Feinberg is currently working on pay structures for the next 75 highest-paid AIG employees. The five senior staff members who said they may leave fall into that category.

Mr. Feinberg is considering less restrictive compensation for those 75, as well as for the top 100 earners in 2010, according to people familiar with the matter. Mr. Feinberg and AIG are discussing a plan under which the firm could pay individuals more than $500,000 as long as it can show "good cause" for going higher.

Please turn to page 25

Getty Images

AIG vice chairman for legal affairs Anastasia Kelly is among those who threatened to resign if their compensation is cut.

HKEx emerges as champ in IPOs—for how long?

[The View from Hong Kong]

By Peter Stein

After a hiatus of several years, Hong Kong's stock exchange is again the world champion of IPOs. It probably shouldn't get too comfortable with the title.

As of Monday, $26.81 billion has been raised through initial public offerings in Hong Kong this year, according to Dealogic. That is well above the $17.11 billion raised on the New York Stock Exchange, which stood at No. 2 in the global rankings.

It has helped being the exchange best-positioned at the moment to connect foreign stock investors with China, a beacon of growth in a world still recovering from recession. "We've been in the right place, at the right time, in the right markets," says Ronald Arculli, chairman of **Hong Kong Exchanges & Clearing** Ltd., known as HKEx.

This year's total falls far short of the $43.9 billion Hong Kong raised in 2006, when it also topped the global list for IPO issuance. But under the circumstances, it is a worthy achievement. Partly reflecting that success, HKEx's share price is up 90% this year, and more than 150% from its lows in March.

Perhaps the bigger achievement, though, is HKEx's progress in attracting major listings from outside mainland China and Hong Kong, a goal it has pursued for years but one that has remained elusive until recently.

On Thursday, **American International Group** Inc. confirmed that its Asian life-insurance unit **AIA Group** Ltd. would list in Hong Kong, potentially raising as much as $10 billion. That would make it one of the biggest IPOs anywhere in the world for 2010.

Other Asian arms of U.S. companies have also given HKEx a boost. The IPOs for **Wynn Macau** Ltd. and **Sands China** Ltd., the Macau subsidiaries of two U.S. casino-and-resort operators, raised $1.87 billion and $2.51 billion, respectively.

A possible landmark Russian listing remains up in the air. On Monday, the exchange's listing committee failed to reach a decision on an offering by UC **Rusal**, the giant aluminum producer, that could raise as much as $2.5 billion.

Russia is among the places HKEx executives have visited since 2006, when their diversification efforts began in earnest. (Other destinations included the Middle East, Vietnam and Kazhakstan.)

"When you embark on that type of mission, you don't expect

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China boosts makers of luxury cars

Daimler reports stronger overall sales in November led by country's growth; BMW, Audi see strong growth there

By Christoph Rauwald

FRANKFURT—**Daimler** AG said Monday sales at its core Mercedes-Benz cars division rose 16% in November to 98,400 vehicles, as demand in many regions improved, with China showing particularly strong growth.

The company said the rise was a result of double-digit increases for the E-Class and new-generation S-Class, plus strong sales growth in many regions such as Western Europe, North America and Asia-Pacific.

The German auto maker said 8,900 cars were delivered in China in November, three times the number sold in November 2008.

Daimler expects overall fourth-quarter sales to be significantly higher than last year, when demand for luxury cars collapsed amid the financial crisis.

It said global sales of the new-generation E-Class doubled last month to 15,700 vehicles. The revamped E-Class model was the company's most important launch this year.

The car is crucial for Mercedes-Benz both in terms of sales volume and revenue per car.

"Additional sales momentum will be generated over the next few weeks by the new E-Class estate, which reached the dealerships Nov. 21 and has been a big hit with customers," said Mercedes-Benz Sales Chief Joachim Schmidt.

Reuters

Cars are parked outside the Mercedes- Benz headquarters in Stuttgart, Germany

Despite the recent increase, sales for the first 11 months of the year for the division comprising the Mercedes-Benz, Smart and Maybach nameplates were still down 12% from a year earlier at 1.02 million vehicles.

The Mercedes-Benz brand, the world's second-best-selling luxury car maker by sales, posted a 19% sales rise in November to 88,600 cars. In the January-to-November period, sales were down 12% at 914,700 cars. Sales for the Smart minicar brand declined 3.8% in November to 9,800 cars, which translates to a 13% decrease to 107,000 vehicles for the 11 months.

Separately, a spokesman for **Audi** AG said sales in China more than doubled last month to 16,503 cars. Audi's sales in the January-to-November period were up 29% at 139,872 cars in China.

Audi has said it expects China to outpace its German home turf as its largest sales region in 2012 or 2013.

A spokesman for **BMW** AG said sales in China were up 40% last month at 8,470 cars.

The company said it had a 37% sales rise in the January-to-November period to 80,422 cars. The core BMW brand accounted for 7,980 car sales, up 36%.

BMW, the world's best-selling premium auto maker by sales, and Audi, which ranks third in terms of global sales, are both expected to release detailed global November sales data Tuesday.

—Nico Schmidt and Katharina Becker contributed to this article.

U.S. agency opens probe into stalling Toyota models

By Kate Linebaugh

DETROIT—U.S. regulators have opened an initial investigation into **Toyota Motor** Corp.'s Corolla and Matrix compact passenger cars for randomly stalling while on the road, the latest in a string of safety issues faced by the Japanese auto maker.

The National Highway Transportation Safety Agency in Washington is probing 26 complaints from consumers alleging their vehicles stalled while driving, sometimes on the highway or in intersections, the agency said in a document published last week.

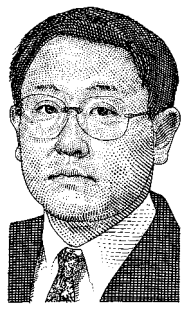
Many drivers also had trouble restarting their vehicles, and at times the stalling would reoccur, the agency said.

The new probe is the latest threat to Toyota's image as a safety and quality leader. It comes after Toyota's biggest-ever recall this fall, covering 4.26 million Toyota and Lexus vehicles in the U.S., amid complaints of sudden acceleration, which the company said was caused by improperly installed floor mats.

Last month, the company announced a series of measures to fix the issue, including trimming the length of the gas pedal, changing the braking system, and in some cases altering the floor under the accelerator. The Corolla and Matrix weren't involved in that recall.

Toyota also recalled 110,000 Tundra pickups in November for corrosion problems that can make the spare tire come loose.

The probe comes after the company's decade-long expansion in the U.S. For years, the auto maker was aggressively growing in the North American market, opening new assembly plants and investing heavily in creating new models designed for the U.S., such as the Tundra pickup.



Akio Toyoda

Toyota has been slammed by the recent global drop in vehicle sales, which led the company to post its first annual net loss in 59 years for the fiscal year ended in March.

President Akio Toyoda is working to return Toyota to profitability and acknowledged that the company drifted away from its core value of focusing on the customer.

Mr. Toyoda in October apologized to owners of the eight Toyota and Lexus models affected by the floor-mat recall.

Federal regulators are continuing to investigate the 2003 Sequoia sport-utility vehicles over allegations that the electronic stability control system causes uncontrolled braking.

The latest investigation, covering 387,000 of the Corolla and Matrix models from 2006 sold in the U.S., was opened by federal safety regulators in November and is in the initial stage to determine whether a deeper investigation is warranted.

Toyota officials were unavailable for immediate comment.

The probe into the Corolla and Matrix vehicles focuses on the electronic control module—the computer system that operates many of the vehicle's other systems—as well as a company bulletin issued in 2007 to remedy harsh shifting in the models.

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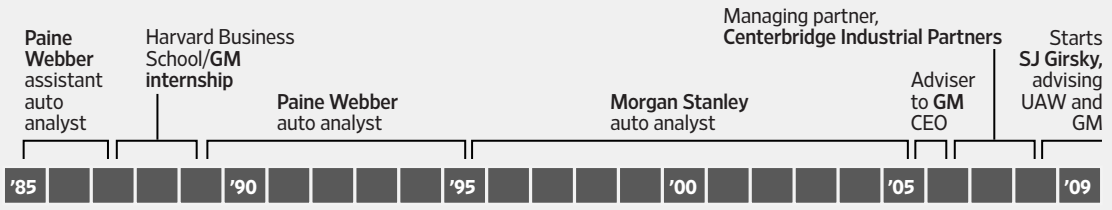
From Wall Street to Detroit

Career path of Stephen J. Girsky, a key figure driving GM's transformation



GM embraces auto critic

Stephen Girsky, long a devil's advocate, is now a Whitacre adviser

By John D. Stoll And Joann S. Lublin

For years, Stephen J. Girsky made a living telling Detroit's three auto makers that they needed to fix themselves. Now in his new role at **General Motors** Co., he'll have to put his words into action.

Mr. Girsky, once a high-profile Morgan Stanley auto analyst who has been a member of the auto maker's board since the summer, last week was named a special adviser to Chairman and interim Chief Executive Edward E. Whitacre Jr.

The move means Mr. Girsky, 47 years old, will have a strong voice in how Mr. Whitacre tries to remake GM's corporate culture and draw up a winning business strategy.

Mr. Girsky's role will be to "clear away" the hurdles standing between Mr. Whitacre's management team and success, one person familiar with the move said, and he'll have broad influence working from an office at company headquarters with executives, union representatives and Obama administration officials with whom he has already forged strong relationships.

"Steve can be very tough if the situation calls for it, but he has a very nice way of going about things," said Jerry York, a onetime GM board member and close associate of Mr. Girsky.

"The most important thing in this company is the rebuilding of the brands [and] maintenance of market share at a level that is high enough to ensure survival," Mr. York said.

Mr. Girsky is aware of the role he has played as devil's advocate in the tight-knit auto industry. During a 2007 speech at the University of California at Los Angeles, his alma mater, he joked: "If I had killed all my enemies, I wouldn't have any friends left today."

Through a GM spokesman, Mr. Girsky declined to be interviewed for this article.

Mr. Whitacre took the reins at GM last week when Frederick "Fritz" Henderson resigned under pressure from the board to move faster in turning around and remaking GM.

Bloomberg News

Stephen J. Girsky will advise GM.

In a November interview, Mr. Whitacre cited Mr. Girsky as a key member of GM's 13-member board, and said he relied on Mr. Girsky for advice when the board was weighing what to do with the company's ailing Opel unit in Germany, and how to analyze the company's forecasts and rate of progress.

Mr. Whitacre is expected to stay on as CEO for months or possibly an entire year until GM can find a successor.

GM has chosen recruiters Spencer Stuart to lead the search, according to people familiar with the situation. The auto maker is hoping to attract a current or past CEO with extensive manufacturing and turnaround experience, possibly from outside the industry, according to the knowledgeable people.

GM declined to comment on the CEO search. A spokesman for Spencer Stuart also declined to comment.

Mr. Girsky isn't a likely CEO candidate, although he will have considerable influence in the search for a new leader, people familiar with the matter said.

Mr. Girsky grew up in New York and Los Angeles, where he attended college, and first took a good look at GM when he was a student at Harvard Business School and did an internship at the auto maker.

He later became an equities analyst at Morgan Stanley, where his trademark presentations, characterized by Mr. Girsky motoring through slide presentations of graphs depicting market share, incentive spending and other metrics—often laced with sarcasm and anecdotes—sometimes played to standing-room only crowds.

In late 2005, as GM was slipping into turmoil, then-CEO Rick Wagoner hired Mr. Girsky to serve as an adviser. In a farewell gathering at Morgan Stanley, Mr. Girsky told hundreds from the bank's sales, trading and research groups that he hoped to save an American icon, and was given a standing ovation.

But as an outsider in GM's insular, change-averse culture, Mr. Girsky found it difficult to break through, a person familiar with his work for Mr. Wagoner said.

"It was impossible to come in and give Rick and his guys even minor suggestions, much less tell them they were on a sinking ship," this person said.

In 2006, he joined private-equity group **Centerbridge Partners**, where he led the buyout and restructuring of auto supplier **Dana** Corp.

In October 2008, United Auto Workers President Ron Gettelfinger drafted Mr. Girsky to advise him as GM and **Chrysler Group** LLC were teetering toward bankruptcy.

That same year, he set up his own advisory firm and landed GM as a client, helping the company line up a deal to sell its Saturn division that ultimately collapsed. Mr. Girsky's firm was paid a fee of $1 million for his efforts. GM now plans to shut down the brand.

He was named to the board by the UAW, filling the seat that represents the union's health-care trust, which owns 17.5% of GM, and quickly made an impact. He was among a group of directors who succeeded in having GM back out of a long-planned sale of Opel.

"In my experience, there are few people who have a broader or deeper knowledge of the industry and its participants," said Ron Bloom, head of the Obama administration's auto task force.

VW takes 49.9% stake in Porsche sports cars

By Christoph Rauwald

FRANKFURT—**Volkswagen** AG said Monday it has acquired a 49.9% stake in **Porsche Automobil Holding** SE's core sports-car operations for €3.9 billion ($5.79 billion) as planned, and reiterated that the merger with the Stuttgart company is expected to be finalized in 2011.

Last month, Volkswagen's and Porsche's supervisory boards had cleared the way for the tie-up by approving contracts determining details of the complex integration.

The approval drew a line under a fierce power struggle between the two auto makers in recent years.

Porsche initially tried to acquire its much bigger peer, but it ran out of funding as credit markets contracted. Porsche's net debt ballooned to €11.4 billion as of July 31 due to its borrowing for the failed takeover.

VW, based in Wolfsburg, now is driving the deal and plans to integrate Porsche's sports-car operations as its 10th brand, along with nameplates such as Audi and Skoda.

VW said the deal will have "a sustained positive effect" on earnings because "Porsche is the world's most profitable automobile manufacturer." VW said the tie-up will create income and cost synergies that will boost its annual operating profit "by some €700 million in the long term," echoing previous statements.

The Mart

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THE WALL STREET JOURNAL. ASIA

CORPORATE NEWS

Boeing plane taxis toward first flight

Long-overdue 787 Dreamliner approaches testing phase, opening crucial chapter for its cutting-edge design

By Peter Sanders

SEATTLE—After more than two years of delays, **Boeing** Co.'s 787 Dreamliner could make its first test flight as early as next week.

But once the jet takes off from its Everett, Wash., factory, the company will face another high-stakes test: Through roughly the next 12 months, Boeing will race the clock to test the new aircraft in high altitudes, subzero temperatures, desert heat and emergency scenarios.

Even a small slip risks further delaying the certification the Dreamliner needs from the Federal Aviation Administration before Boeing can deliver the long-overdue aircraft to customers.

Boeing plans to deliver the first Dreamliner to All Nippon Airways Co. in the fourth quarter of next year. Originally, Boeing hoped to deliver the first jet in May of last year.

To keep the testing on track, Boeing has converted a warren of cubicles on the fifth floor of an office building into a command center where the company will monitor what essentially will be a miniairline of test-flight planes.

With a sweeping view of the tarmac at Boeing Field, in south Seattle, the Test Operations Center will be the heart of an effort that eventually will have six Dreamliners in testing around the globe. The 25 to 50 people at the center, depending on need, will coordinate the jets' schedules and deal with logistical or maintenance problems that might crop up during test flights.

Boeing Co.

Boeing's Test Operations Center, above, will coordinate a miniairline of six test Dreamliners world-wide.

The testing is especially thorny because of the Dreamliner's cutting-edge design. Built mostly from composite materials instead of the typical aluminum, the jet has been advertised as lighter and more fuel-efficient than its predecessors.

But there is still much that isn't known about composites and how they react to the extreme stresses that come in flight. Engineers in May discovered unexpected damage to the composite material where the wing meets the body, one in a series of setbacks to the Dreamliner.

Boeing engineers spent the subsequent six months repairing the problem. They also dealt with other, smaller issues, which Boeing officials have described as routine for aircraft development.

Problems elsewhere in Boeing's commercial-aircraft division have increased pressure on the Test Operations Center. The first test flight of Boeing's 747-8, a revamped version of its iconic 747 jumbo that primarily will be used as a freighter, also has been delayed, likely until mid-January. The operations center will coordinate the Dreamliner and 747-8 programs simultaneously.

The test programs come as Boeing is culling its test-flight staff by as many as 300 people through layoffs, part of a plan announced in January to reduce the number of jobs at the commercial-aircraft division by 4,500. The Chicago-based company posted a $1.56 billion third-quarter loss, socked in large measure by setbacks in commercial-aircraft operations.

A Boeing spokeswoman said the test-flight programs will be unaffected by the layoffs.

Boeing officials visited operations centers at Southwest Airlines Co., AMR Corp.'s American Airlines and McChord Air Force Base in Tacoma, Wash., to see other operations centers, says John Fennell, a Boeing official. The idea, he says, is not only to fix problems that test-flight crews might encounter from the Arctic Circle to the Southern California desert, but also to enable quick fixes to bureaucratic snafus.

The new center marks an effort to streamline what sometimes had been scattered management of test-flight operations for Boeing's various models in development. Even seemingly simple matters such as placing safety screens around jet engines used to be a complicated process involving layers of approval.

"In the past," says Janet Mueller, a Boeing engineer who oversees development and management of the center, "whoever shouted the loudest got things done first."

Now those issues can be solved with a phone call from the operations center or a face-to-face conversation between technicians.

"We have an operations center that is a central point of contact for information, problem resolution and communication," Ms. Mueller says.

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Intel abandons its plan for a new graphics chip

By Don Clark

Intel Corp.'s plans to move into a new semiconductor market suffered a setback, as the company disclosed it is canceling the first chip based on a novel design dubbed Larrabee.

The high-profile product, which Intel has been publicly discussing since April 2007, was expected to generate complex graphics for videogames and carry out other high-performance computing chores. Intel already makes less-sophisticated graphics circuitry that is integrated into sets of chips.

Larrabee has been a hot topic in the computer industry, in part because the technology threatened to open a new front in Intel's competition with **Nvidia** Corp. and **Advanced Micro Devices** Inc. The two companies lead the market for high-performance graphics chips, often sold in cards that plug into personal computers.

The technology also was seen as an important test of Intel's vision for many-core chips, which use dozens of calculating engines rather than the one to four electronic brains found on most microprocessors today. Where Nvidia and AMD use hundreds of specialized processor cores that are suited to specific chores such as graphics, the initial Larrabee model was expected to have as many as 32 processors based on the general-purpose x86 design used in most PCs.

While Intel said its approach would be easier to program, the company faced widespread skepticism about how fast it could match the rapidly accelerating performance of AMD and Nvidia products. Skepticism about Intel's progress in perfecting the design increased in September, when the company gave an initial public demonstration of the chip's graphics performance that analysts said was unimpressive.

The company had initially promised to deliver the first version of Larrabee in 2009, later stating that it might not arrive until 2010. Intel on Friday said it had decided not to offer the chip at all as a conventional product, though Intel will make it available as a platform to help programmers design new applications that can carry out computing tasks in a parallel fashion.

"The silicon and software development are behind where we hoped to be at this point," said Nick Knupffer, an Intel spokesman.

The company doesn't plan to say more about future versions of Larrabee until next year. "We remain committed to delivering world-class many-core graphics products to our customers," Mr. Knupffer said.

Intel, which expects to begin selling products with six to eight processors in 2010, did provide evidence Wednesday about its ability to design more complex chips. Company researchers demonstrated an experimental chip with 48 processors, which Intel expects to distribute in small quantities next year.

Jon Peddie, an industry analyst with the firm Jon Peddie Associates, said Intel also had showed Larrabee's ability to handle scientific computing chores at an industry conference in November. But Larrabee's performance in graphics wasn't proven.

CORPORATE NEWS

Reliance ADA, In-Three form pact

Indian conglomerate and U.S. firm will convert up to 25 movies annually into 3-D from two-dimensional format

By Amol Sharma

NEW DELHI—Indian conglomerate **Reliance ADA Group** is joining with a Los Angeles company to produce 3-D movies out of a new 1,000-person facility in Mumbai that will be the largest of its kind in the world.

Reliance and **In-Three** Inc. will convert 15 to 25 feature films a year from two-dimensional format to 3-D, the companies say. Reliance's planned $40 million facility, which is scheduled to open in January, will house the 3-D operations along with other film services it already provides, such as postproduction, visual effects and restoration of classics.

The move is the latest evidence of the Indian media-to-energy giant's rapid expansion into Hollywood. Reliance, which is controlled by Indian billionaire Anil Ambani, formed a joint venture earlier this year with Steven Spielberg's **DreamWorks** studio to produce five to six films a year, and it is financing film projects for stars including Tom Hanks and Brad Pitt. Reliance also owns 500 theaters globally under the BIG Cinemas brand.

Agence France-Presse/Getty Images

From left, actor Amitabh Bachchan, Reliance's Anil Ambani and the actor's daughter-in-law and son

The same factors that made India a powerhouse in information-technology outsourcing—an abundance of low-cost, English-speaking talent—are making it a prime destination for film services, as well. Companies such as Crest Animation Studios Ltd. and Prime Focus already provide everything from animation to special-effects sequences for Hollywood film studios.

"I think it's an area where India has a natural advantage," said Anil Arjun, chief executive of Reliance MediaWorks, the unit of Reliance ADA Group that provides film services. "It's not just that we have a large volume of affordable labor to build scale, but also the talent and skills to do creative work."

In-Three Chief Executive Neil Feldman said in a statement that the company sought out an international partner that could help it deliver projects with "the level of quality our studio clients expect." The films Reliance and In-Three will process into 3-D will be a mix of new releases and popular old films.

Some in the film industry believe 3-D movies could rejuvenate theatergoing at a time when many consumers are watching DVDs, cable on demand, and portable video players. For now, the technology is still a niche: There are only about 5,000 3-D screens world-wide. But many theater owners have started upgrading to the technology to accommodate major 3-D films such as Twentieth Century Fox's "Avatar," a science-fiction movie scheduled for release this month. **News Corp.**, publisher of The Wall Street Journal, owns Twentieth Century Fox.

Mr. Arjun said filmmakers have shied away from shooting films in original 3-D because of the costs and disruption to their normal production process. He said In-Three's process for converting regular 2-D movies to 3-D will make it easier to produce much more 3-D content and encourage more theater owners to upgrade. In-Three's technology was used in **Walt Disney** Co.'s "G-Force," an animated movie that was released this summer. Mr. Arjun said it costs between $5 million and $15 million to convert films to 3-D.

Reliance's deal with DreamWorks closed in August, with the Indian company injecting $325 million in equity to go along with a matching amount of bank financing and a $175 million loan from Disney, which will distribute the films.

Heineken reaches deal to sell beer in India

By Anna Marij van der Meulen

AMSTERDAM—**Heineken** NV on Monday said it has reached an agreement with India-based **United Breweries** Ltd. that allows the Dutch company to brew and sell its own brand of beer in that growing market.

Heineken hopes the deal with United Breweries and the Indian company's major stakeholder, drinks and aviation tycoon Vijay Mallya, will help it break into the Indian market at a time when beer consumption is flat or even declining in its core markets of Western Europe and the U.S.

The agreement also ends more than a year of uncertainty over Heineken's 37.5% stake in United Breweries, which it acquired as part of its purchase of U.K.-based brewer Scottish & Newcastle PLC together with Denmark's Carlsberg A/S in 2008.

Mr. Mallya also holds a 37.5% stake in Kingfisher beer maker United Breweries and had initially opposed a deal between Heineken and United Breweries, saying the Dutch brewer's joint venture with Singapore-based Fraser & Neave Ltd. could lead to a conflict of interest in India, where Fraser & Neave sells its Tiger beer brand.

In order to mollify these concerns, Heineken said it will acquire the Indian operations of the joint venture and transfer them to United Breweries.

The Dutch brewer declined to give a value for the deal but said it will bring a financial gain of €145 million ($215.3 million) in 2010 and cut net debt by some €175 million.

A Heineken spokeswoman said it was too early to give details on the distribution or brewing agreements between the two companies.

In return, United Breweries will give Heineken access to its distribution and brewing network in India, "one of the world's fastest growing and most exciting beer markets," according to Heineken.

The pact with United Breweries will allow the Dutch brewer to unlock the Indian beer market's potential and shape the premium-brand segment, said Heineken Chief Executive Jean-François van Boxmeer.

India's beer market is expected to reach 14.4 million hectoliters this year, while per capita beer consumption is estimated at 1.3 liters a year, Heineken said.

While that is much lower than the annual per capita consumption of 79 liters in the Netherlands and 82 liters in the U.S., India has advantages over other emerging markets. In India, a hectoliter of beer sells for €50 ($74), "twice as much as the price of beer per hectoliter in China," said Heineken Finance Chief Rene Hooft Graafland.

Heineken is under pressure to go beyond its core strategy of selling premium beers in Western Europe and the U.S., and analysts say the company should expand into growth markets in Latin America and Asia, where its presence is currently limited. In the first nine months of this year, consolidated volume in the Asia-Pacific region amounted to only 2% of Heineken's total volume, whereas Western Europe made up 38% of total volume.

Cherie Blair FOUNDATION FOR WOMEN

Women Mean Business

Mumbai, India – December 11th, 2009

The Women Mean Business conference will bring together highly successful professionals from across India to share their knowledge and experience across a diverse range of sectors and create a lasting network of contacts. The one-day conference will consist of keynote speeches, discussion panels and smaller workshops.

Speakers include:

Cherie Blair Founder, Cherie Blair Foundation for Women
Shabana Azmi Film Actress, Social Activist and former Rajya Sabha Member
Dr. Kiran Bedi Former IPS Officer and Social Activist
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Chanda Kochhar MD & CEO, ICICI Bank Ltd
Naina Lal Kidwai Group General Manager and Head of HSBC, India
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Hitachi prices its share issue

Proceeds of stock and bond sale will fall below target, but firm's spending plans stand

By Yuzo Yamaguchi

TOKYO—**Hitachi** Ltd. has priced its issue of new shares and convertible bonds below target following a drop in its stock price, but the Japanese electronics conglomerate said the lower proceeds won't change its spending plans.

Hitachi said Monday that it has set the price for its issue of new shares at 230 yen ($2.54) each, and the conversion price for its convertible-bond offering at 317 yen per share, which will bring in about 349.29 billion yen, or $3.86 billion, 16% short of its target.

The company previously said it would seek a maximum 415.67 billion yen from the share offering and convertible-bond issue, but since that announcement three weeks ago, investors have sold off the company's shares on fears their holdings would be diluted.

The price of the new-share issue is at a 3.4% discount to Monday's closing level of 238 yen on the Tokyo Stock Exchange and is 12% lower than the closing level of 269 yen on Nov. 16, the day it announced its fund-raising plan.

Hitachi's convertible bonds carry a 0.1% coupon and will mature Dec. 12, 2014, but the company may redeem all of the bonds after Jan. 4, 2013, if the closing price of its shares on the Tokyo Stock Exchange is 130% above the conversion price for 20 or more consecutive sessions.

Bloomberg News

Workers sort TV monitors for recycling at a Hitachi plant in Japan. Hitachi Ltd. will use some of its funds to repay debt.

Of the total amount to be raised, the company will spend 260 billion yen on its power and industrial businesses and its information and telecommunications systems. It will use the remainder to repay debt.

"We can spend the same amount as planned" on the areas outlined, said a Hitachi spokesman.

The move follows the company's 787.3 billion yen net loss in the fiscal year ended March, and puts Hitachi on a lengthening list of Japanese firms tapping the stock market to raise funds to support growth.

Japan's biggest financial institution, Mitsubishi UFJ Financial Group Inc., said in November it will raise capital by issuing about one trillion yen worth of new stock in what would be the sector's largest-ever share sale. Also last month, NEC Corp. issued new shares to raise more than 110 billion yen.

HKEx emerges as the world IPO champion

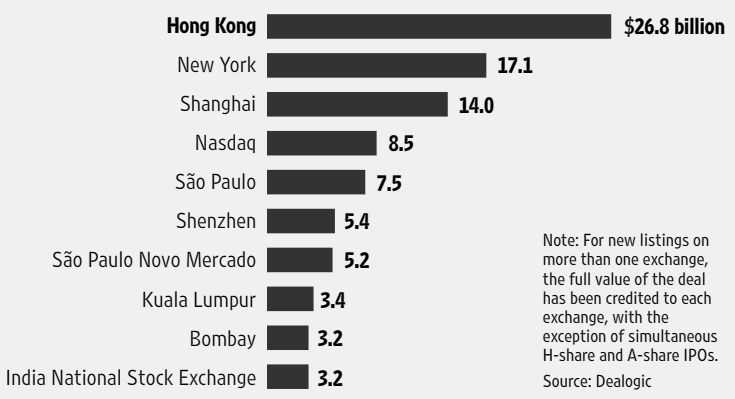
Continued from page 19

a quick return," Mr. Arculli says. "Relative to the effort we've spent, we've been lucky."

Chinese companies still dominate Hong Kong's new listings, and they are raising big sums. **China Longyuan Power Group** Corp., a wind-energy company, priced on the strong end to raise US$2.2 billion, a person familiar with the situation told Dow Jones Newswires on Friday. An even bigger China listing could come before year's end: **China Pacific Insurance Group** Co. wants to raise as much as $3.82 billion in a Hong Kong IPO, a person familiar with the situation told Dow Jones Newswires on Sunday. These and earlier Hong Kong listings by **Metallurgical Corp of China** Ltd. and **China Minsheng Banking** Corp., which together raised about $9 billion, undersore how Hong Kong remains China's most important center for raising capital outside the mainland. The problem for Hong Kong is that, given the vast amount of domestic liquidity pumping through China's system, Chinese companies don't need to venture outside the mainland for capital. Beijing's renewed push to make Shanghai an international financial center could also direct more potential mainland business away from Hong Kong.

New champion

Hong Kong tops the list of global stock exchanges ranked by money raised through new listings so far in 2009. Data as of Dec. 7.



Note: For new listings on more than one exchange, the full value of the deal has been credited to each exchange, with the exception of simultaneous H-share and A-share IPOs.

Source: Dealogic

And China's domestic markets may pursue a little internationalization of their own. Possible changes to China's listing rules could soon bring foreign companies to list in Shanghai as well, an attractive option for multinationals that need to finance expansion in China with yuan funds that are otherwise hard to obtain. **HSBC Holdings** PLC, which already trades in Hong Kong and London, has already expressed interest in a Shanghai listing.

"Obviously, in terms of Shanghai's development as an international center, there's quite a lot she can do in the next five years that can effect Hong Kong," Mr. Arculli says. "We don't sit on our laurels; we see this is coming."

Hong Kong has comparative advantages, including a listing process that is vastly easier for Chinese companies than on the mainland. Shanghai's exchange, which ranked No. 3 in the IPO rankings, has raised $14 billion so far this year, or nearly $13 billion less than Hong Kong.

One thing HKEx has done to prepare is to hire a new chief executive from China. Charles Li, chairman of J.P. Morgan's China business, takes over the post from Paul Chow next month. Shortly after being tapped, Mr. Li, who was born in Beijing and carries a Hong Kong passport, said he was well-positioned to convince China's leadership that "the success of Hong Kong is in the long-term interests of China Inc." How well he performs that task remains to be seen.

This year is one when the folks at HKEx can rightfully break out the champagne. Refilling the glasses in coming years won't be quite so easy.

UBS lifts ban on private bankers' foreign travels

By Katharina Bart

ZURICH--**UBS** said its private bankers can visit foreign-based clients again, months after the Zurich-based bank clinched a landmark deal to put legal troubles with the U.S. tax authority behind it.

UBS also said Monday it wants to add **Deutsche Lufthansa** AG Chief Executive Wolfgang Mayrhuber to its board, completing a near-total revamp of the Swiss bank's supervisory body.

UBS imposed the ban on cross-border travel in April, shortly after the Swiss financial regulator ordered UBS to overhaul its cross-border policies. The regulator's move followed a U.S. crackdown into hidden offshore accounts in countries like Switzerland.

UBS hasn't disclosed how many of its 4,460 private bankers do cross-border business, in which the advisors typically travel abroad to attract clients and their funds to Switzerland. The travel ban also prevented members of UBS's top management from meeting and conducting business with wealthy clients abroad.

In previous years, Swiss-based UBS advisors would travel to high-profile events such as the Art Basel fair in Miami Beach to woo clients. The bank still sponsors Art Basel, though the only advisors present are from the bank's U.S.-based brokerage arm.

Dubai World may sell assets but state won't

By Maria Abi Habib And Summer Said

DUBAI—**Dubai World** may raise some of the money needed to pay down its debt by selling assets in the United Arab Emirates and overseas, a top government official said Monday.

But the emirate's government itself won't sell any assets to meet the company's obligations, Abdulrahman al Saleh, director general of Dubai's Department of Finance, said in an interview with Al Jazeera, posted on the Arabic news network's Web site.

Last week, Dubai officials detailed a proposed debt-restructuring plan affecting $26 billion in debt owed by Dubai World and some of its subsidiaries, including property developer Nakheel. At the time, it said asset sales were a possibility for lowering debt.

In its statement last week, however, it also made clear that subsidiaries with some of Dubai World's choicest assets, including ports-operator **DP World** and private-equity shop **Istithmar World**, weren't affected by the debt-restructuring process and were "on a stable financial footing."

While Mr. Saleh appeared to suggest a broader asset sale than Dubai World has so far outlined, he also underscored Dubai's insistence that Dubai World sort out its financial trouble without government assistance for now.

"There is confusion in the media that the government plans to sell assets. The company has foreign investments and real-estate investments abroad. There is nothing to prevent selling these assets," Mr. Saleh said.

Representatives of Dubai World were scheduled to meet with creditors on Monday.

Dubai World representatives were scheduled to meet with creditors Monday following last week's debt-restructuring statement, according to people familiar with the situation.

Of immediate concern for creditors is a $3.52 billion *sukuk*, or Islamic bond, issued by Dubai World real-estate unit Nakheel. The debt matures on Dec. 14. Unless an agreement can be reached with creditors to pay or delay that debt, the company could default.

Dubai World asked holders of its sukuk to appoint representatives to discuss restructuring. The company has also said it started initial discussions with its banks about its debt and that those talks were "proceeding on a constructive basis."

It was unclear which creditors were expected to meet with Dubai World on Monday. A spokesman for Dubai World declined to comment.

The Dubai Financial Market's benchmark stock index fell 5.8% Monday, following heavy losses last week.

Deloitte's Aidan Birkett has been appointed to restructure Dubai World. Rothschild and Moelis & Co. are also advising on the debt restructuring.

—Chip Cummins contributed to this article.

Gundlach angled for TCW top job

Investment firm ousted its star manager; newly acquired MetWest to handle bond assets

By Eleanor Laise

A power struggle at one of the nation's biggest investment firms left its star manager, who oversaw more than $60 billion, out in the cold.

TCW Group ousted its chief investment officer, Jeffrey Gundlach, and announced a deal to buy a rival money manager after what the firm describes as threats by Mr. Gundlach to leave and take some key staffers with him.

Mr. Gundlach, who is widely regarded as a savvy bond manager, successfully navigated the financial crisis and has posted big returns this year on a timely bet on battered mortgages.

Now TCW is scrambling to reassure clients, many of whom invested with the Los Angeles-based firm to get Mr. Gundlach's expertise. Several other members of TCW's fixed-income group resigned Saturday.

A mutual fund managed by Mr. Gundlach took in $6.7 billion in new money in the first nine months of this year.

TCW's move, announced late Friday, included the acquisition of **Metropolitan West Asset Management LLC**, a firm known for its fixed-income expertise. Its managers started running Mr. Gundlach's assets Monday.

"TCW was left no choice but to ensure continuity and stability in managing clients' fixed-income assets," says Erin Freeman, a TCW spokeswoman. "The MetWest acquisition ensures that continuity and stability."

Los Angeles Times

Chief Investment Officer Jeffrey Gundlach says his firing was 'inappropriate.'

Mr. Gundlach calls his firing "highly inappropriate" and says he only raised the prospect of walking out with his team when he discovered a plan was in the works to push him out.

The removal of Mr. Gundlach, who had worked at TCW since 1985, came after a year of uncertainty about TCW's future.

In January, TCW parent company **Société Générale** said that it planned to list TCW on a stock exchange within the next few years. SocGen and TCW later in the year hired Citigroup Inc.'s investment-banking unit to look at strategic alternatives for TCW.

With SocGen appearing to back away from the business, there was debate at TCW over what to do next. Mr. Gundlach, who managed roughly 60% of TCW's total $110 billion in assets, felt that he should be calling the shots, people familiar with the firm say.

"He definitely wanted to be the decision maker, and he wanted to feel as though nothing around that place was going to happen without his OK," says Eric Jacobson, director of fixed-income research at investment-research firm Morningstar Inc.

According to a person familiar with the matter, Mr. Gundlach hoped to lead a management buyout and become chief executive of TCW, but others at the firm felt that CEO wasn't the right role for him.

Mr. Gundlach says he made a bid for TCW in September but never received a response. As for leading the firm, he says, "if I was going to buy the firm, I was going to be the CEO."

Amid rumors Mr. Gundlach was interviewing at other firms, concern grew at TCW that the money manager would walk out the door and take key talent with him. He received much acclaim in recent years for his skill in investing in mortgage-backed securities.

Gold tumbles as dollar gains

By Devon Maylie

Gold dropped on Monday as the U.S. dollar strengthened.

Although gold's rally wasn't seen as over yet, traders and analysts said the metal could correct down to $1,100 a troy ounce, especially if the dollar continues to rebound.

The precious metal pared some of the day's losses after U.S. Federal Reserve Chairman Ben Bernanke reaffirmed that low interest rates won't be changing any time soon "given current economic conditions and stable inflation expectations."

By early afternoon in New York, gold for December delivery dropped $28.30, or 2.4%, to $1,140.50 an ounce on the Comex division of the New York Mercantile Exchange. Earlier, the metal fell to$1,136.30 an ounce.

Positive U.S. employment news at last week's end and a subsequent stronger U.S. dollar sparked a drop in gold on Friday, said Morgan Stanley analyst Hussein Allidina. He said news that Canadian gold miner **Barrick Gold** Corp. eliminated its hedge book early ,and warnings of a potential gold bubble by China's central bank, also helped gold prices collapse. Gold rose 17% from the start of November, analysts said, arguing that a correction wasn't surprising.

The trend remains up, but a further correction is possible to unwind the "overextended readings on charts and excess speculative longs," said Goldessential.com founder Matthias Detremmerie.

New pay skirmish hits AIG

Continued from page 19

Some Treasury Department and Federal Reserve officials have urged Mr. Feinberg to ease up on the cuts.

The five senior AIG executives indicated on Dec. 1, in written notices, that they're prepared to leave by year-end, say the people familiar with the matter. They are trying to preserve their ability to collect severance payments, these people say.

Ms. Kelly, AIG's general counsel, has been at the insurer since 2006 and was appointed vice chairman in January under former CEO Edward Liddy. Several people familiar with the matter say Ms. Kelly asked other employees to join her in indicating they were prepared to resign. Four executives agreed, and Ms. Kelly retained outside counsel to advise the group, says one person familiar with what happened.

A spokesman for Ms. Kelly says she didn't "instigate or encourage" the other four, but "only advised the other executives of what they needed to do to protect their rights" under AIG's executive-severance plan, and helped them arrange for outside counsel.

The other four executives are Rodney Martin, who heads one of AIG's international life-insurance businesses that is slated for an initial public offering or sale; William Dooley, who has been overseeing the financial-services division; Nicholas Walsh, vice chairman and head of AIG's international property-and-casualty-insurance businesses; and John Doyle, who heads the U.S. property-casualty business.

Mr. Dooley's division includes AIG Financial Products, whose credit-derivative trades were the biggest reason for AIG's 2008 financial problems. The other four executives weren't involved in the problems that sank the company.

Over the weekend, Messrs. Walsh and Doyle rescinded their Dec. 1 notices, a person familiar with the matter said. Messrs. Martin, Dooley, Walsh and Doyle either declined to comment or didn't respond to requests for comment.

According to terms of the severance plan, which was put in place before the government bailed out AIG, certain executives are entitled to severance benefits if they resign for "good reason," which includes significant cuts in their annual base salary or target bonus.

The provision applies to roughly two dozen people, says one person familiar with it. The five who said they might quit "gave notice that they believe they have 'good reason' to resign" under the provision, and they are "taking administrative action to protect their rights because of all the uncertainty" around pay matters, this person says.

With the resignations of nearly half of AIG's top 25 earners in 2009, some of the next 75 highest earners will be bumped into the top 25 next year. That would subject them to tougher restrictions and make them ineligible for severance benefits. Earlier this year, Congress imposed restrictions on firms receiving large amounts of federal aid, including prohibiting "golden parachute" payments to some top executives.

Mr. Feinberg is expected to issue his determinations for AIG within two weeks. Government officials say Mr. Feinberg, who oversees pay at seven firms receiving large amounts of government aid, is in a tough spot. He's charged with both curbing pay and preserving the ability of the firms to retain key personnel.

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Treasurys rise as investors trickle back

By Emily Barrett

Treasurys prices recovered a little from last week's heavy selling, as the market corrected its reaction to a better-than-anticipated U.S. jobs report.

Among the most popular Monday was the two-year note. As the maturity most sensitive to shifts in central-bank policy, it bore the brunt of sales following Friday's jobs data, as investors' expectations grew of the Federal Reserve raising interest rates next year.

U.S. CREDIT MARKETS

Cooler heads prevailed Monday, as buyers returned. Late morning, the two-year was up 3/32 at 99 29/32 to yield 0.794%, while the 10-year was 12/32 higher at 99 15/32 to yield 3.438%.

Rick Klingman, head of Treasurys trade at BNP Paribas, said customers have been trickling back to the market. "Mostly foreign accounts taking advantage of the backup [in yields] to put some money to work," he said.

Prices also are up in the Fed funds futures markets, where bets of a rate increase in the first half of 2010 have been scaled back slightly from Friday. The July contract now reflects a 62% chance that the Fed will lift the target rate from its zero to 0.25% range, to 0.5% at its late June meeting, down from a 68% chance based on Friday's settlement.

Japan investors suggest 30-year sale in March

By Megumi Fujikawa And Takashi Mochizuki

TOKYO—Japanese government-bond investors and primary dealers told the finance ministry that the market is able to absorb more 30-year debt.

At a meeting Monday, many investors said ministry could offer the 30-year bonds in March, when there are no plans to sell 30-year and 40-year debt, as part of a second supplementary budget. Primary dealers were of the same opinion last week.

BOND MARKETS

The ministry has been gathering opinions on how the market will be able to absorb supply under the supplementary budget for the current fiscal year as well as for the budget that begins in April. Officials hold periodic meetings with bond-market investors and primary dealers to discuss future bond issues.

A government official told Dow Jones Newswires last week that Tokyo's new economic stimulus package is likely to be worth more than seven trillion yen ($77.34 billion) but emphasized that the policy expenditure wouldn't require additional bond sales.

But the administration, led by the Democratic Party of Japan, on Friday postponed to early this week its planned announcement of the economic measures as ruling coalition lawmakers squabbled over how much should be spent to bolster the slumping economy.

At Friday's meeting with primary dealers, many said the market also is willing to buy "a significant size" of six-month Treasury Discount Bills, a finance ministry official said. Investors agreed with that view on Monday.

As for the next fiscal year, many investors and primary dealers said the government could auction 30-year bonds eight times per year, up from the current six, the official said.

They also said it could sell more 40-year notes at one auction. Under the current schedule, the ministry sells 300 billion yen of 40-year paper each time.

Monday, yields were steady as Friday's stronger-than-expected U.S. jobs data boosted speculation that the Federal Reserve will raise interest rates from the middle of next year, prodding investors to sell safe-haven assets.

But the moves were limited as expectations linger that the Bank of Japan may make domestic financial conditions more accommodative down the road by providing ample liquidity to the market.

The benchmark 10-year yield was flat at 1.285%, although it briefly rose as high as 1.305%. The five-year yield firmed 0.01 percentage point to 0.495%.

Longer-term yields rose ahead of Tuesday's auction of 30-year debt. The finance ministry is slated to sell 600 billion yen of paper. The 30-year yield crept up 0.01 percentage point to 2.195%.

"If the auction results turn out weak, re-emerging oversupply worries will push superlong-term yields sharply higher, making the yield curve steeper," one trader at a Tokyo securities house said.

Among Asian corporate buyers, **First Ship Lease Trust** said it dropped its plan for a US$200 million high-yield bond due to the **Dubai World** credit crisis.

"The start of the investor roadshow coincided with the outbreak of the Dubai World credit crisis. This impacted fixed-income investor sentiment, particularly in Asia and Europe," Philip Clausius, chief executive officer of **FSL Trust Management Pte**. Ltd., said in a statement.

—P.R. Venkat in Singapore contributed to this article.

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Leading 10 Performers

FUND RATING*	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
2	**Hadron Fund EUR Class B**	Hadron Capital LLP	EUR	Cayman Isl	**47.98**	69.92	8.82	16.60
2	**Hadron Fund EUR Class A**	Hadron Capital LLP	EUR	Cayman Isl	**47.88**	69.84	8.79	16.55
5	**Stratus Fund Ltd EUR - Double Leverage**	Capital Fund Management	EUR	British VI	**44.51**	66.00	30.85	27.22
NS	**Trophy LV Fund**	Winnington Capital Ltd.	USD	Cayman Isl	**35.54**	65.29	-4.05	NS
5	**Phalanx Jap Aus Multi-Strat LTD**	Phalanx Capital Management LLC	USD	United States	**42.29**	63.54	53.08	NS
NS	**Rosen Capital Partners LP**	Rosen Capital Management LLC	USD	United States	**33.62**	61.22	33.63	18.09
NS	**Rosen Offshore Limited**	Rosen Capital Management LLC	USD	Cayman Isl	**33.31**	60.63	33.05	17.40
NS	**Knight Asia Contrarian Fund**	Knight Asset Management Limited	USD	British VI	**12.73**	49.53	12.88	NS
3	**Capitania Treasury**	Capitania S.A.	BRL	Brazil	**48.55**	47.86	13.91	NS
3	**Hadron Fund USD Class C**	Hadron Capital LLP	USD	Cayman Isl	**38.86**	46.12	7.52	NS

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW Top-Div.Int.	GL	EQ	LUX	12/04	EUR	53.82	19.4	17.4	-29.2

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Am Eq Blend A	OT	OT	LUX	12/04	USD	10.25	24.8	33.5	-15.6
Am Eq Blend B	US	EQ	LUX	12/04	USD	9.64	23.7	32.2	-16.4
Am Growth A	US	EQ	LUX	12/04	USD	30.34	32.5	52.6	-7.2
Am Growth AX	US	EQ	LUX	12/04	USD	32.73	33.2	53.4	-6.7
Am Growth B	US	EQ	LUX	12/04	USD	25.53	31.3	51.1	-8.2
Am Growth C	US	EQ	LUX	12/04	USD	27.46	32.0	51.9	-7.6
Am Growth I	US	EQ	LUX	12/04	USD	33.60	33.4	53.8	-6.5
Am Income A	US	BD	LUX	12/04	USD	8.41	24.1	31.8	4.9
Am Income A2	US	BD	LUX	12/04	USD	18.91	24.2	31.9	4.9
Am Income A2	OT	OT	NA	12/04	HKD	146.56	NS	NS	NS
Am Income AT	OT	OT	NA	12/04	HKD	65.03	NS	NS	NS
Am Income AT	US	BD	LUX	12/04	USD	8.39	24.2	31.9	4.9
Am Income B	US	BD	LUX	12/04	USD	8.41	23.2	30.7	4.1
Am Income B2	US	BD	LUX	12/04	USD	16.31	23.5	31.0	4.2
Am Income B2	OT	OT	NA	12/04	HKD	126.41	NS	NS	NS
Am Income BT	OT	OT	NA	12/04	HKD	65.41	NS	NS	NS
Am Income BT	US	BD	LUX	12/04	USD	8.44	23.5	31.0	4.2
Am Income C	US	BD	LUX	12/04	USD	8.41	23.5	31.1	4.4
Am Income C2	US	BD	LUX	12/04	USD	24.25	23.8	31.3	4.5
Am Income I	US	BD	LUX	12/04	USD	8.41	24.8	32.6	5.6
Am Value A	US	EQ	LUX	12/04	USD	8.46	17.3	34.5	-14.6
Am Value B	US	EQ	LUX	12/04	USD	7.79	16.1	32.9	-15.5
Am Value C	US	EQ	LUX	12/04	USD	8.46	16.7	33.6	-15.0
Am Value I	US	EQ	LUX	12/04	USD	9.10	18.2	35.4	-13.9
Emg Mkts Debt A	GL	BD	LUX	12/04	USD	15.56	43.5	54.9	7.7
Emg Mkts Debt A2	GL	BD	LUX	12/04	USD	20.02	43.8	55.2	7.8
Emg Mkts Debt AT	GL	BD	LUX	12/04	USD	15.61	43.8	55.2	7.7
Emg Mkts Debt B	GL	BD	LUX	12/04	USD	15.56	42.2	53.4	6.6
Emg Mkts Debt B2	GL	BD	LUX	12/04	USD	19.29	42.5	53.7	6.7
Emg Mkts Debt BT	GL	BD	LUX	12/04	USD	15.60	42.5	53.7	6.7
Emg Mkts Debt C	GL	BD	LUX	12/04	USD	15.56	42.9	54.2	7.2
Emg Mkts Debt C2	GL	BD	LUX	12/04	USD	19.68	43.2	54.5	7.2
Emg Mkts Debt I	GL	BD	LUX	12/04	USD	15.56	44.1	55.7	8.3
Emg Mkts Growth A	GL	EQ	LUX	12/04	USD	34.27	71.0	92.7	-14.4
Emg Mkts Growth B	GL	EQ	LUX	12/04	USD	29.07	69.5	90.9	-15.2
Emg Mkts Growth C	GL	EQ	LUX	12/04	USD	29.72	70.3	91.9	-14.7
Emg Mkts Growth I	GL	EQ	LUX	12/04	USD	37.97	72.3	94.3	-13.7
Eur Growth A	OT	OT	LUX	12/04	USD	10.16	22.8	25.3	-18.9
Eur Growth A	OT	OT	LUX	12/04	EUR	6.84	22.8	25.3	-18.9
Eur Growth B	OT	OT	LUX	12/04	EUR	6.15	21.5	24.0	-19.8
Eur Growth B	OT	OT	LUX	12/04	USD	9.13	21.5	24.0	-19.8
Eur Growth C	EU	EQ	LUX	12/04	EUR	5.18	22.2	24.8	-19.3
Eur Growth I	OT	OT	LUX	12/04	USD	11.06	23.5	26.3	-18.3
Eur Growth I	OT	OT	LUX	12/04	EUR	7.45	23.5	26.3	-18.3
Eur Income A	OT	OT	LUX	12/04	EUR	6.60	38.9	35.2	3.5
Eur Income A	OT	OT	LUX	12/04	USD	9.80	38.9	35.2	3.5
Eur Income A2	OT	OT	LUX	12/04	EUR	12.82	39.2	35.4	3.5
Eur Income A2	OT	OT	LUX	12/04	USD	19.04	39.2	35.4	3.5
Eur Income AT	EU	BD	LUX	12/04	EUR	6.60	39.2	35.5	3.5
Eur Income B	OT	OT	LUX	12/04	EUR	6.60	38.1	34.4	2.7
Eur Income B	OT	OT	LUX	12/04	USD	9.80	38.1	34.4	2.7
Eur Income B2	OT	OT	LUX	12/04	EUR	11.93	38.2	34.3	2.7
Eur Income B2	OT	OT	LUX	12/04	USD	17.71	38.2	34.3	2.7
Eur Income BT	EU	BD	LUX	12/04	EUR	6.60	38.4	34.4	2.8
Eur Income C	OT	OT	LUX	12/04	EUR	6.60	38.4	34.7	3.0
Eur Income C	OT	OT	LUX	12/04	USD	9.80	38.4	34.7	3.0
Eur Income C2	OT	OT	LUX	12/04	EUR	12.78	38.6	34.8	3.0
Eur Income C2	OT	OT	LUX	12/04	USD	18.98	38.6	34.8	3.0
Eur Income I	OT	OT	LUX	12/04	EUR	6.60	39.5	35.9	4.0
Eur Income I	OT	OT	LUX	12/04	USD	9.80	39.5	35.9	4.0
Eur Strat Value A	OT	OT	LUX	12/04	EUR	8.41	20.8	24.6	-21.9
Eur Strat Value A	OT	OT	LUX	12/04	USD	12.49	20.8	24.6	-21.9
Eur Strat Value I	OT	OT	LUX	12/04	EUR	8.61	21.8	25.9	-21.2
Eur Strat Value I	OT	OT	LUX	12/04	USD	12.78	21.8	25.9	-21.2
Eur Value A	OT	OT	LUX	12/04	USD	13.45	24.5	28.9	-19.0
Eur Value A	OT	OT	LUX	12/04	EUR	9.06	24.5	28.9	-19.0
Eur Value B	OT	OT	LUX	12/04	EUR	8.34	23.2	27.5	-19.8
Eur Value B	OT	OT	LUX	12/04	USD	12.38	23.2	27.5	-19.8
Eur Value C	OT	OT	LUX	12/04	USD	13.01	23.7	28.3	-19.4
Eur Value C	OT	OT	LUX	12/04	EUR	8.76	23.7	28.3	-19.4
Eur Value I	OT	OT	LUX	12/04	USD	15.53	25.3	29.9	-18.3
Eur Value I	OT	OT	LUX	12/04	EUR	10.46	25.3	29.9	-18.3
Gl Balanced (Euro) A	OT	OT	LUX	12/04	USD	16.84	19.6	24.5	-11.7
Gl Balanced (Euro) B	OT	OT	LUX	12/04	USD	16.42	18.5	23.3	-12.5
Gl Balanced (Euro) C	OT	OT	LUX	12/04	USD	16.72	19.4	24.1	-11.9
Gl Balanced (Euro) I	OT	OT	LUX	12/04	USD	17.13	NS	NS	NS
Gl Balanced A	US	BA	LUX	12/04	USD	16.52	24.3	32.6	-10.7
Gl Balanced B	US	BA	LUX	12/04	USD	15.72	23.2	31.3	-11.6
Gl Balanced C	OT	OT	LUX	12/04	USD	16.28	24.0	32.3	-11.0
Gl Balanced C	OT	OT	LUX	12/04	EUR	10.96	24.0	32.3	-11.0
Gl Balanced I	US	BA	LUX	12/04	USD	17.13	25.1	33.6	-10.1
Gl Bond A	US	BD	LUX	12/04	USD	9.30	13.0	15.7	4.5
Gl Bond A2	US	BD	LUX	12/04	USD	16.06	13.0	15.7	4.4
Gl Bond A2	OT	OT	NA	12/04	HKD	124.47	13.0	15.7	4.4
Gl Bond AT	OT	OT	LUX	12/04	HKD	72.00	13.1	15.8	4.5
Gl Bond AT	US	BD	LUX	12/04	USD	9.29	13.1	15.8	4.5
Gl Bond B	US	BD	LUX	12/04	USD	9.30	12.0	14.6	3.4
Gl Bond B2	US	BD	LUX	12/04	USD	14.08	12.0	14.6	3.4
Gl Bond B2	OT	OT	NA	12/04	HKD	109.12	12.0	14.6	3.4
Gl Bond BT	OT	OT	LUX	12/04	HKD	72.23	12.0	14.6	3.4
Gl Bond BT	US	BD	LUX	12/04	USD	9.32	12.0	14.6	3.4
Gl Bond C	US	BD	LUX	12/04	USD	9.30	12.5	15.2	4.0
Gl Bond C2	US	BD	LUX	12/04	USD	13.94	12.5	15.2	4.0
Gl Bond I	US	BD	LUX	12/04	USD	9.30	13.5	16.4	5.1
Gl Conservative A	US	BA	LUX	12/04	USD	14.90	15.6	20.5	-4.4
Gl Conservative A2	US	BA	LUX	12/04	USD	16.96	16.3	21.1	-4.1
Gl Conservative B	US	BA	LUX	12/04	USD	14.90	14.9	19.6	-5.2
Gl Conservative B2	US	BA	LUX	12/04	USD	16.13	15.3	20.0	-5.1
Gl Conservative C	US	BA	LUX	12/04	USD	14.89	15.3	20.0	-4.8
Gl Conservative C2	US	BA	LUX	12/04	USD	16.60	15.9	20.6	-4.5
Gl Conservative I	US	BA	LUX	12/04	USD	14.96	16.4	21.4	-3.7
Gl Eq Blend A	GL	EQ	LUX	12/04	USD	11.69	30.8	43.8	-21.1
Gl Eq Blend B	GL	EQ	LUX	12/04	USD	10.98	29.6	42.4	-21.9
Gl Eq Blend C	GL	EQ	LUX	12/04	USD	11.48	30.2	43.1	-21.5
Gl Eq Blend I	GL	EQ	LUX	12/04	USD	12.32	31.8	44.9	-20.5
Gl Growth A	GL	EQ	LUX	12/04	USD	41.79	29.6	41.2	-22.0
Gl Growth B	GL	EQ	LUX	12/04	USD	34.91	28.4	39.8	-22.8
Gl Growth C	GL	EQ	LUX	12/04	USD	40.12	29.0	40.6	-22.4
Gl Growth I	GL	EQ	LUX	12/04	USD	46.38	30.6	42.3	-21.4
Gl High Yield A	US	BD	LUX	12/04	USD	4.26	57.0	64.6	3.4
Gl High Yield A2	US	BD	LUX	12/04	USD	9.06	57.3	65.0	3.4
Gl High Yield A2	OT	OT	NA	12/04	HKD	70.22	57.3	65.0	3.4
Gl High Yield AT	OT	OT	NA	12/04	HKD	32.71	57.6	64.7	3.3
Gl High Yield AT	US	BD	LUX	12/04	USD	4.22	57.6	64.7	3.3
Gl High Yield B	US	BD	LUX	12/04	USD	4.26	55.1	62.4	2.2
Gl High Yield B2	US	BD	LUX	12/04	USD	14.57	55.8	63.3	2.3
Gl High Yield B2	OT	OT	NA	12/04	HKD	112.92	55.8	63.3	2.3
Gl High Yield BT	OT	OT	NA	12/04	HKD	33.25	55.6	63.5	2.3
Gl High Yield BT	US	BD	LUX	12/04	USD	4.29	55.6	63.5	2.3
Gl High Yield C	US	BD	LUX	12/04	USD	4.26	56.1	63.7	2.9
Gl High Yield C2	US	BD	LUX	12/04	USD	13.43	56.7	64.2	2.9
Gl High Yield I	US	BD	LUX	12/04	USD	4.26	58.0	65.8	4.1
Gl Value A	GL	EQ	LUX	12/04	USD	11.21	32.0	46.5	-20.2
Gl Value B	GL	EQ	LUX	12/04	USD	10.31	30.8	45.2	-21.0
Gl Value C	GL	EQ	LUX	12/04	USD	10.90	31.5	45.9	-20.6
Gl Value I	GL	EQ	LUX	12/04	USD	11.92	33.0	47.7	-19.6
Gl. Thematic Res. A	OT	OT	LUX	12/04	USD	14.70	68.0	94.4	-5.5
Gl. Thematic Res. B	OT	OT	LUX	12/04	USD	12.87	66.5	92.7	-6.5
Gl. Thematic Res. I	OT	OT	LUX	12/04	USD	16.38	69.2	95.9	-4.8
Greater China A	AS	EQ	LUX	12/04	USD	40.57	58.2	77.0	-17.9
Greater China B	AS	EQ	LUX	12/04	USD	35.93	56.7	75.3	-18.7
Greater China C	AS	EQ	LUX	12/04	USD	40.07	57.5	76.2	-18.2
India Growth A	OT	OT	LUX	12/04	USD	125.90	NS	NS	NS
India Growth AX	OT	OT	LUX	12/04	USD	110.03	90.5	105.1	-8.5
India Growth B	OT	OT	LUX	12/04	USD	131.98	NS	NS	NS
India Growth BX	OT	OT	LUX	12/04	USD	94.12	88.7	103.0	-9.4
India Growth I	EA	EQ	LUX	12/04	USD	113.98	91.2	105.9	-8.2
Int'l Health Care A	OT	EQ	LUX	12/04	USD	135.72	15.6	24.5	-9.5
Int'l Health Care B	OT	EQ	LUX	12/04	USD	114.56	14.5	23.3	-10.4
Int'l Health Care C	OT	EQ	LUX	12/04	USD	130.11	15.1	24.0	-9.9
Int'l Health Care I	OT	EQ	LUX	12/04	USD	148.20	16.4	25.5	-8.7
Int'l Technology A	OT	EQ	LUX	12/04	USD	106.36	45.4	58.6	-12.6
Int'l Technology B	OT	EQ	LUX	12/04	USD	92.23	44.1	57.0	-13.5
Int'l Technology C	OT	EQ	LUX	12/04	USD	102.82	44.8	57.9	-13.0
Int'l Technology I	OT	EQ	LUX	12/04	USD	119.20	46.5	59.8	-11.9
Japan Eq Blend A	JP	EQ	LUX	12/04	JPY	5948.00	10.8	27.5	-23.9
Japan Eq Blend B	JP	EQ	LUX	12/04	JPY	5743.00	9.8	26.2	-24.6
Japan Eq Blend C	JP	EQ	LUX	12/04	JPY	5854.00	10.4	26.9	-24.2
Japan Growth A	JP	EQ	LUX	12/04	JPY	5847.00	5.1	18.3	-24.1
Japan Growth B	JP	EQ	LUX	12/04	JPY	5646.00	4.2	17.1	-24.9
Japan Growth C	JP	EQ	LUX	12/04	JPY	5755.00	4.7	17.8	-24.5
Japan Strat Value A	JP	EQ	LUX	12/04	JPY	5998.00	16.3	36.3	-24.1
Japan Strat Value B	JP	EQ	LUX	12/04	JPY	5797.00	15.2	34.9	-24.8
Japan Strat Value C	JP	EQ	LUX	12/04	JPY	5900.00	15.8	35.6	-24.4
Real Estate Sec. A	OT	EQ	LUX	12/04	USD	14.34	34.4	60.9	-16.7
Real Estate Sec. B	OT	EQ	LUX	12/04	USD	13.11	33.1	59.1	-17.6
Real Estate Sec. I	OT	EQ	LUX	12/04	USD	15.40	35.3	62.1	-16.1
Short Mat Dollar A	US	BD	LUX	12/04	USD	7.21	10.5	11.4	-6.6
Short Mat Dollar A2	US	BD	LUX	12/04	USD	9.69	10.6	11.5	-6.6
Short Mat Dollar AT	US	BD	LUX	12/04	USD	7.20	10.7	11.6	-6.6
Short Mat Dollar B	US	BD	LUX	12/04	USD	7.21	10.0	10.9	-7.0
Short Mat Dollar B2	US	BD	LUX	12/04	USD	9.64	10.0	10.9	-7.0
Short Mat Dollar BT	OT	OT	LUX	12/04	USD	7.21	9.4	10.4	-7.3
Short Mat Dollar C	US	BD	LUX	12/04	USD	7.21	10.0	10.9	-7.0
Short Mat Dollar C2	US	BD	LUX	12/04	USD	13.63	10.1	10.9	-7.0
Short Mat Dollar I	US	BD	LUX	12/04	USD	7.21	11.0	12.0	-6.0

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Alexandra Convertible Bond Fund L Ltd. (Class A)	OT	OT	VGB	10/30	USD	1642.69	69.6	71.6	NS

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CPS-Master Priv Fund	GL	OT	WSM	12/01	USD	120.50	20.5	20.3	10.1

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Platinm-All Star	OT	OT	CYM	09/30	USD	94.24	12.2	-6.9	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	10/30	USD	108.45	5.5	2.5	-34.0
Platinm-Emancipation	OT	OT	USA	10/30	USD	93.58	25.0	9.3	-11.3
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	09/30	USD	59.71	27.4	-18.1	-32.3
Platinm-Nordic	OT	OT	CYM	09/30	SEK	591.49	8.4	-6.2	-19.0
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	10/30	USD	56.60	NS	NS	-38.7

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Superfund Cayman*	OT	OT	CYM	12/01	USD	53.48	-35.8	-32.6	8.8
Superfund GCT USD*	GL	EQ	LUX	12/01	USD	2705.00	-25.9	-24.5	8.4
Superfund Green Gold A (SPC)	OT	OT	CYM	12/01	USD	1221.92	5.1	13.2	23.5
Superfund Green Gold B (SPC)	OT	OT	CYM	12/01	USD	1268.02	-5.9	1.8	23.7
Superfund Q-AG*	OT	OT	AUT	12/01	EUR	7509.00	-14.3	-12.8	9.6

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Winton Evolution EUR Cls H	OT	OT	CYM	11/30	EUR	972.73	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	11/30	GBP	976.73	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	11/30	USD	1232.74	-2.8	-1.2	3.7
Winton Futures EUR Cls C	OT	OT	VGB	11/30	EUR	202.11	-1.8	-0.1	9.2
Winton Futures GBP Cls D	OT	OT	VGB	11/30	GBP	218.35	-1.6	0.4	10.2
Winton Futures JPY Cls E	OT	OT	VGB	11/30	JPY	14398.02	-2.4	-0.4	6.9
Winton Futures USD Cls B	OT	OT	VGB	11/30	USD	716.94	-2.2	-0.2	8.9

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Concentra AE	EU	EQ	DEU	12/04	EUR	50.36	29.6	35.7	-12.6
Industria AE	EU	EQ	DEU	12/04	EUR	69.65	33.1	32.3	-18.0
InternRent AE	EU	BD	DEU	12/04	EUR	35.03	3.1	-2.7	8.7

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MARKETS

Interest-rate worries limit U.S. stock gains

A Wall Street Journal Roundup

U.S. blue chip stocks traded higher Monday, but gains were held in check by concerns over whether interest-rate increases could come sooner than previously expected.

ABREAST OF THE MARKET

Around midday in New York, the Dow Jones Industrial Average was up 23.58 points, or 0.2%, to 10412.70. **Boeing** was the measure's best performer, up 1.7% late morning. **American Express** was also strong, up 1.5% following an upgrade of credit-card companies by analysts at Bank of America Merrill Lynch. However, **Caterpillar** weighed on the Dow, falling 1.2%, while **Pfizer** fell 1%.

The technology-heavy Nasdaq Composite was down 0.04% at 1978.07, while the Standard & Poor's 500-stock index edged up 0.06% to 1106.62.

The S&P 500 was led by its telecom and utilities sectors, which have been laggards for much of the year, while the financial sector, which led much of the year's rally, was a drag on the index.

Gold continued to slump on the New York Mercantile Exchange, while crude-oil futures were down 63 cents at $74.84 a barrel.

Ralph Fogel, investment strategist at Fogel Neale Partners, said the gains come as seasonal effects are at play. "The end of the year is an important time for all the institutions, as anybody who missed the market now has to show that they're in it. That's one very important cross-current," he said.

Investors were also awaiting an early afternoon speech by Federal Reserve Chairman Ben Bernanke.

Among stocks on the rise, **MetLife** was up 3%. The life insurer said it anticipates a sharp rebound in 2010 earnings on improved investment margins and higher premium revenue.

Akamai Technologies climbed 2.1%. The Internet-services company lifted its fourth-quarter revenue and earnings guidance, saying trading in the first two months of the quarter exceeded its expectations.

European markets

Worries over interest-rate increases were also a drag in Europe, as banks led a decline.

The pan-European Dow Jones Stoxx 600 index slipped 0.5% to 247.88.

HSBC Holdings fell 1.5% and **Credit Suisse** dropped 1.7%.

"I think that the move in the banking sector reflects the prospects for short-term increases in rates. Banks probably will have to pay more in terms of deposits, and the spread between the short and the long end is expected to narrow," said Mike Lenhoff, chief strategist at brokerage Brewin Dolphin.

Among major national indexes, the U.K. FTSE 100 was off 0.2% at 5310.66, the German DAX index fell 0.6% to 5784.75, and the French CAC-40 slipped 0.2% to 3840.05.

Dollar gains ahead of talk from Bernanke

By Fabio Alves

NEW YORK—The dollar pared overnight gains versus the euro in New York as investors awaited a speech later in the day by the head of the Federal Reserve to gauge whether ultralow interest rates will end sooner than expected.

CURRENCY MARKETS

The dollar had rallied during Asian and European trading, climbing to a one-month high against the common currency, on bets better-than-expected November nonfarm payroll data released Friday may prompt the Fed to lift rates sooner than previously thought.

In noon trading in New York, the euro was at $1.4822 from $1.4846 late Friday. The dollar was at 89.53 yen from 90.51 yen, while the euro was at 132.71 yen from 134.37 yen. The pound was at $1.6422 from $1.6449. The dollar was at 1.0200 Swiss francs from 1.0170 francs.

The overnight extension of Friday's rally versus the euro largely evaporated during New York trading. Compared with levels prior to the release of the November jobs report, the dollar remained sharply higher. The dollar's rally also lost steam after the Dow Jones Industrial Average opened higher, lending support for riskier assets, including high-yielding currencies. The Australian, Canadian and New Zealand currencies all rebounded from their intraday low against the dollar.

Exporters lift Tokyo; Asian resource firms fall

By Myra P. Saefong And Shri Navaratnam

Japanese stocks rose Monday as exporters extended their rally following the yen's recent losses, but regional resource shares slid on a stronger dollar and gold's first weekly price decline since the end of October.

Asian markets were mixed overall, with Taiwan's Taiex up 1.6% to 7775.64, South Korea's Kospi up 0.5% to 1632.65, and China's Shanghai Composite Index up 0.4% to 3331.90. But Hong Kong's Hang Seng Index dropped 0.8% to 22324.96 and Australia's S&P/ASX 200 fell 0.5% to 4676.46.

ASIAN-PACIFIC STOCKS

Among gold stocks to decline around the region, **Newcrest Mining** dropped 6% and **Lihir Gold** fell 4.8% in Sydney, **Sumitomo Metal Mining** declined 2.3% in Tokyo, and Hong Kong-listed shares of **Zijin Mining Group** fell 5.1%. Other resource losers included **BHP Billiton**, down 1.9% in Sydney.

"Across Asia, equity markets have begun the week mixed as a stronger U.S. dollar boosted exporters and the better-than-expected jobs report fueled hopes the U.S. consumer is on the mend," Ben Potter, a research analyst at IG Markets in Melbourne, said in a note to clients.

In Tokyo, the market was supported by gains in exporters after a sharp decline for the yen Friday. **Isuzu Motors** advanced 3.5%, while **Sony** gained 2.8% and **Canon** added 3.3%.

"The yen experienced its biggest weekly drop in 10 years and that helped exporters in Japan," said Brett McGonegal, a managing director at Cantor Fitzgerald.

But the U.S. jobs data also led to some concern about the possibility of the Federal Reserve exiting its stimulus program sooner than expected, said Kwak Byoung-ryel at Eugene Investment & Securities in Seoul.

Japan Airlines surged 7% as investors were encouraged by a Nikkei report that the government was expected to guarantee about 700 billion yen ($7.7 billion) in loans and other funds provided by financial institutions to help rebuild its operations.

In Hong Kong, the favorable U.S. payroll report "resulted in elevated expectations of U.S. rate hikes," hurting shares in Hong Kong, the most sensitive market, analysts at Royal Bank of Scotland said in a note to clients.

Among gainers in Hong Kong, **Geely Automobile** rose 6.1% after it said it would be interested in the Chinese operations of **Ford Motor**'s Volvo unit, if its parent is successful in acquiring Volvo.

Urban gas distributor **China Gas Holdings** jumped 6.4% after it said it expects sharp increases in the sales of both piped natural gas and liquefied petroleum gas in coming years.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	11/30	USD	1228.34	21.2	13.6	-9.5
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	11/30	JPY	14828.64	58.2	71.2	-1.9
GAM Asia Equity Hedge US	OT	OT	VGB	11/30	USD	279.62	60.2	74.2	0.2
GAM Asia Equity USD	OT	OT	VGB	12/04	USD	651.26	62.2	85.5	-14.5
GAM Asia-Pacific Eq USD	OT	OT	VGB	12/01	USD	1244.79	15.9	29.6	-17.2
GAM Com Glb Bal EUR Op	US	BA	VGB	11/30	EUR	91.72	14.4	17.2	-9.0
GAM Com Glb Bal USD Op	US	BA	VGB	11/30	USD	126.90	14.4	17.2	-9.0
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	11/30	EUR	92.29	19.7	24.0	-16.3
GAM Comp Glb Eq USD Op	GL	EQ	VGB	11/30	USD	125.05	19.7	24.0	-16.3
GAM Comp Glb Gr EUR Op	US	BA	VGB	11/30	EUR	81.91	14.2	17.7	-13.3
GAM Comp Glb Gr USD Op	US	BA	VGB	11/30	USD	125.44	14.2	17.7	-13.3
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	11/30	USD	238.76	31.1	37.3	-14.1
GAM Cross Trading Inc	OT	OT	VGB	11/30	USD	468.62	7.1	7.4	7.0
GAM Diversity CHF Op	OT	OT	VGB	11/30	CHF	94.43	4.4	3.1	-6.8
GAM Diversity EUR Op	OT	OT	VGB	11/30	EUR	649.24	5.2	4.4	-5.2
GAM Diversity USD 2.5XL	OT	OT	VGB	11/30	USD	78.64	9.0	6.9	-19.7
GAM Diversity USD Op	OT	OT	VGB	11/30	USD	681.74	5.2	4.2	-5.8
GAM Dvrsty II CHF Op	OT	OT	VGB	11/30	CHF	99.72	4.2	2.8	-6.6
GAM Dvrsty II EUR Op	OT	OT	VGB	11/30	EUR	139.02	4.8	3.4	-5.4
GAM Dvrsty II USD Op	OT	OT	VGB	11/30	USD	210.62	4.8	3.6	-5.7
GAM DvrstyIII EUR Op	OT	OT	VGB	11/30	EUR	115.80	4.7	3.5	-5.4
GAM DvrstyIII USD Op	OT	OT	VGB	11/30	USD	122.25	4.8	3.6	-5.5
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	11/30	EUR	212.21	7.6	8.3	-6.3
GAM Euro Eq Hdg USD Op	OT	OT	VGB	11/30	USD	197.46	8.4	9.6	-4.1
GAM European Equity USD	OT	OT	VGB	12/03	USD	302.84	28.8	40.6	-13.9
GAM GAMCO	OT	EQ	VGB	12/01	USD	800.00	37.9	55.0	-11.2
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	11/30	EUR	97.89	13.5	13.7	-16.0
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	11/30	USD	103.26	14.1	14.1	-15.2
GAM Gbl Divers USD Inc.	GL	EQ	VGB	11/30	USD	246.58	20.8	30.8	-9.1
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	11/30	USD	277.49	94.3	116.9	17.8
GAM Intrst Trend II	GL	BD	VGB	11/30	USD	94.29	42.7	37.4	-7.0
GAM Intrst Trend Inc	OT	OT	VGB	11/30	USD	250.31	57.1	52.3	-5.5
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	11/30	EUR	108.76	1.8	4.1	-11.7
GAM Japan Eq Hdg USD Op	OT	OT	VGB	11/30	USD	112.96	0.4	6.5	-23.1
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	11/30	JPY	7782.16	0.9	6.1	-22.6
GAM Japan USD	JP	EQ	VGB	12/04	USD	1076.26	4.0	20.5	-18.9
GAM Japan YEN	JP	EQ	VGB	12/04	JPY	8506.69	6.2	21.0	-25.1
GAM Money Mkt EuroOp	EU	MM	VGB	12/03	EUR	51.19	0.1	0.2	1.8
GAM Money Mkt USD	US	MM	VGB	12/03	USD	99.99	0.0	0.0	1.0
GAM Multi-Arb EUR Op	OT	OT	VGB	11/30	EUR	113.60	1.3	-1.0	-8.5
GAM Multi-Arb USD Op	OT	OT	VGB	11/30	USD	118.62	1.6	-0.8	-8.8
GAM Multi-China EUR Op	OT	OT	VGB	11/30	EUR	164.98	11.1	11.4	-9.4
GAM Multi-China USD Op	OT	OT	VGB	11/30	USD	173.49	11.7	12.0	NS
GAM Multi-Emer Mkts GBP	OT	OT	VGB	11/30	GBP	128.86	23.2	21.7	-2.9
GAM Multi-Emer Mkts USD	OT	OT	VGB	11/30	USD	638.35	23.2	21.7	-3.2
GAM Multi-Eur EUR Op	OT	OT	VGB	11/30	EUR	266.55	6.2	4.9	-9.7
GAM Multi-Eur II EUR Op	OT	OT	VGB	11/30	EUR	137.15	6.2	4.8	-10.5
GAM Multi-Eur II USD Op	OT	OT	VGB	11/30	USD	112.19	5.8	4.4	-11.4
GAM Multi-Eur USD Op	OT	OT	VGB	11/30	USD	464.06	5.9	4.5	-10.5
GAM Multi-Nth Am EUR Special	OT	OT	VGB	11/30	EUR	132.60	11.3	11.1	-4.3
GAM Multi-Nth Am USD Special	OT	OT	VGB	11/30	USD	216.03	11.6	11.8	-4.4
GAM Multi-Pac EUR Op	GL	EQ	VGB	11/30	EUR	141.03	3.5	3.3	-5.1
GAM Multi-Pac USD Op	OT	OT	VGB	11/30	USD	162.80	3.6	3.7	-5.4
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	11/30	USD	2532.45	62.7	63.5	8.8
GAM Sing/Malaysia	AS	EQ	VGB	12/04	USD	2519.38	51.7	59.5	-11.4
GAM Sterling Spe Bd Inc	OT	OT	VGB	11/30	GBP	241.39	39.7	39.6	2.2
GAM Trading EUR Inc	OT	OT	VGB	11/30	EUR	327.03	7.0	7.2	7.6
GAM Trading USD Inc	OT	OT	VGB	11/30	USD	978.73	7.2	7.5	7.1
GAM Trdg II IncEUR Op	OT	OT	VGB	11/30	EUR	139.92	6.9	7.1	7.6
GAM Trdg II IncUSD Op	OT	OT	VGB	11/30	USD	317.79	7.2	7.5	7.1
GAM Trdg IV IncEUR Op	OT	OT	VGB	11/30	EUR	147.64	6.7	6.7	7.0
GAM Trdg IV IncUSD Op	OT	OT	VGB	11/30	USD	155.42	6.9	7.2	6.8
GAM Trdg V IncEUR Op	OT	OT	VGB	11/30	EUR	125.17	6.7	6.6	6.9
GAM Trdg V IncUSD Op	OT	OT	VGB	11/30	USD	130.35	6.8	7.1	6.7
GAM TrdgIII IncEUR Op	OT	OT	VGB	11/30	EUR	157.86	6.7	6.8	7.3
GAM TrdgIII IncUSD Op	OT	OT	VGB	11/30	USD	163.46	6.9	7.3	7.0
GAM USDSpecBondInc	US	BD	VGB	11/30	USD	516.29	69.8	70.4	6.0
GAM Worldwide	GL	EQ	VGB	12/03	USD	2270.01	26.7	36.5	-10.3
GAMut Investments	OT	OT	VGB	12/02	USD	7697.06	6.0	7.5	8.6

GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	12/03	CHF	10.61	49.9	49.5	-19.1
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	12/03	EUR	11.27	50.7	55.1	-14.5
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	12/03	GBP	1.52	43.8	64.1	-3.2
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	12/03	USD	13.33	62.6	83.9	-13.2
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	12/03	EUR	97.05	14.8	18.9	-17.3
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	12/03	EUR	93.92	14.8	18.9	-17.3
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	12/03	EUR	10.62	20.6	22.0	-13.0
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	12/03	EUR	177.20	21.0	20.3	-15.5
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	12/03	EUR	161.91	20.9	20.2	-15.5
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	12/03	USD	16.26	30.3	42.4	-14.0
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	12/03	USD	14.74	30.2	42.3	-14.1
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	12/03	USD	5.50	16.8	13.4	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	12/03	EUR	84.76	4.1	9.2	-16.7
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	12/03	EUR	84.76	4.1	9.2	-16.7
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	12/03	JPY	887.26	5.8	17.8	-25.5
GAMStar-JpnEq USD Acc	JP	EQ	IRL	12/03	USD	10.97	4.2	19.1	-18.8
GAMStar-World EqUSD Acc	GL	EQ	IRL	12/03	USD	2247.21	27.7	37.5	-9.8

المجموعة المالية - هيرميس
EFG HERMES

HERMES FINANCIAL MANAGEMENT (EGYPT) LIMITED, AMSALES@EFG-HERMES.COM
*Tel: 9714 363 4041 *Middle East & Developing Africa Fund*

EFG-Hermes Egypt	GL	EQ	BMU	11/30	USD	40.51	17.1	27.4	-19.0
EFG-Hermes MEDA*	GL	EQ	BMU	09/30	USD	24.16	15.3	-17.3	-10.4
EFG-Hermes Saudi Arabia Equity	EA	EQ	SAU	11/24	SAR	6.05	27.6	21.8	NS
EFG-Hermes Telecom	OT	EQ	BMU	09/30	USD	29.73	16.0	-0.1	-8.2

LLOYD GEORGE MANAGEMENT (HK) LTD
Suite 3808, One Exchange Square, HK: Tel. 852 2845 4433 Fax. 852 2845 3911

LG Antenna	GL	EQ	BMU	11/30	USD	59.22	73.5	85.0	-10.6
LG Asian Plus	AS	EQ	CYM	11/27	USD	53.71	42.1	56.6	-18.0
LG AsianSmallerCo's	AS	EQ	BMU	12/04	USD	96.84	75.6	98.4	-22.4
LG India	EA	EQ	MUS	12/03	USD	65.04	103.8	126.6	-13.6

Manulife WEALTH MANAGEMENT 宏利財富管理

MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	12/04	USD	14.75	22.9	26.8	-14.1
American Growth AA	US	EQ	LUX	12/04	USD	0.85	22.6	26.5	-7.8
Asian Equity	AS	EQ	LUX	12/04	USD	2.44	63.3	86.2	-11.0
Asian Equity AA	AS	EQ	LUX	12/04	USD	0.79	62.8	85.6	-11.3
Asian Sm Cap Equity AA	AS	EQ	LUX	12/04	USD	1.16	91.8	115.3	-6.9
China Value A	AS	EQ	LUX	12/04	USD	7.17	66.0	81.4	-8.2
China Value AA	AS	EQ	LUX	12/04	USD	2.25	65.6	81.0	-8.4
Dragon Growth	AS	EQ	LUX	12/04	USD	1.68	71.3	85.3	-9.9
Dragon Growth AA	OT	OT	LUX	12/04	HKD	8.17	71.2	84.7	-11.1
Emg Eastrn Europe A	EU	EQ	LUX	12/04	USD	4.56	93.4	95.5	-17.8
Emg Eastrn Europe AA	EU	EQ	LUX	12/04	USD	1.96	93.1	95.2	-17.9
European Growth	EU	EQ	LUX	12/04	USD	9.29	44.4	60.2	-17.8
European Growth AA	EU	EQ	LUX	12/04	USD	0.66	44.1	59.8	NS
Global Contrarain AA	GL	EQ	LUX	12/04	USD	0.88	81.4	108.5	NS
Global Property AA	OT	EQ	LUX	12/04	USD	0.67	44.7	62.4	-16.9
Global Resources AA	OT	EQ	LUX	12/04	USD	1.13	60.2	95.5	-8.8
Healthcare AA	OT	EQ	LUX	12/04	USD	0.92	11.6	19.9	NS
India Equity AA	EA	EQ	LUX	12/04	USD	1.08	78.4	90.3	-18.2
International Growth	GL	EQ	LUX	12/04	USD	3.03	21.8	29.3	-16.2
International Growth AA	GL	EQ	LUX	12/04	USD	0.71	21.5	29.0	-16.4
Japanese Growth	JP	EQ	LUX	12/04	USD	2.81	8.4	24.5	-15.2
Japanese Growth AA	JP	EQ	LUX	12/04	USD	0.73	8.1	24.2	NS
Latin America Equity AA	GL	EQ	LUX	12/04	USD	1.30	107.8	126.8	-4.0
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	12/04	USD	1.12	NS	NS	NS
Russia Equity AA	EE	EQ	LUX	12/04	USD	0.64	133.8	136.5	-21.2
Taiwan Equity AA	AS	EQ	LUX	12/04	USD	1.01	73.7	97.4	-3.1
Turkey Equity AA	EE	EQ	LUX	12/04	USD	0.72	97.0	115.6	-15.1
U.S. Bond AA	US	BD	LUX	12/04	USD	1.11	18.0	21.2	7.2
U.S. High Yield Bond AA	US	BD	LUX	12/04	USD	0.77	71.7	79.1	-4.0
U.S. Sm Cap Equity AA	US	EQ	LUX	12/04	USD	0.77	61.6	65.2	-15.6
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	12/04	USD	1.16	9.4	11.7	3.4

PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	12/02	USD	123.32	113.8	166.8	-3.6

Sensible Asset Management
A Value Partners Group company

SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	12/04	USD	7.94	85.1	112.9	-7.6

SOCIETE GENERALE
Asset Management

SG ASSET MANAGEMENT HTTP://WWW.SGAM.COM
SGAM Fund

Bonds Eur Hi Yld A	EU	BD	LUX	12/03	EUR	20.29	52.6	52.3	-2.3
Bonds EURO A	EU	BD	LUX	12/03	EUR	41.39	4.8	4.2	5.4
Bonds EUROPE A	EU	BD	LUX	12/03	EUR	39.34	3.8	2.6	4.6
Bonds US OppsCoreplus A	US	BD	LUX	12/03	USD	37.13	17.7	20.2	8.6
Bonds World A	GL	BD	LUX	12/03	USD	44.30	11.2	16.8	8.6
Eq. China A	AS	EQ	LUX	12/04	USD	24.84	66.2	82.3	-15.5
Eq. ConcentratedEuropeA	EU	EQ	LUX	12/03	EUR	26.22	27.3	27.4	-19.2
Eq. Eastern Europe A	EU	EQ	LUX	12/03	EUR	22.02	66.6	57.5	-28.1
Eq. Euroland A	EU	EQ	LUX	12/03	EUR	10.53	14.9	18.2	-22.3
Eq. EurolandCyclclsA	EU	EQ	LUX	12/03	EUR	17.24	25.5	31.6	-17.4
Eq. EurolandFinancialA	OT	EQ	LUX	12/03	EUR	11.36	34.9	36.8	-22.4
Eq. Glbl Emg Cty A	GL	EQ	LUX	12/03	USD	9.70	62.2	83.9	-15.3
Eq. Global A	GL	EQ	LUX	12/04	USD	27.60	31.2	43.6	-15.4
Eq. Global Energy A	OT	EQ	LUX	12/03	USD	17.95	25.9	32.9	-12.9
Eq. Global Technol A	OT	OT	LUX	04/24	USD	4.46	22.1	-29.7	-21.6
Eq. Gold Mines A	OT	EQ	LUX	12/03	USD	33.87	62.0	118.0	7.2
Eq. Pacific A	AS	EQ	LUX	12/04	USD	10.36	62.2	78.6	-14.5
Eq. US Lg Cap Gr A	US	EQ	LUX	12/04	USD	14.98	38.4	43.6	-13.8
Eq. US Rel Val A	US	EQ	LUX	12/03	USD	20.10	29.4	35.5	-17.0
Eq. US Sm Cap Val A	US	EQ	LUX	12/03	USD	15.08	16.6	24.1	-21.6
Money Market EURO A	EU	MM	LUX	12/03	EUR	27.39	1.0	1.3	2.8
Money Market USD A	US	MM	LUX	12/03	USD	15.83	0.5	0.7	1.9

المستثمر الوطني
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TNI Mena Real Estate Fund	OT	OT	BMU	11/26	USD	1032.51	9.8	4.5	-22.2
TNI MENA Special Sits Fund	OT	OT	BMU	10/29	USD	1139.93	17.4	NS	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	11/26	AED	6.14	33.8	12.4	-24.1

Value Partners
Investing through discipline

WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487
**formerly known as China ABH Shares Fund*

Intel-Chin MainInd Foc	AS	EQ	CYM	11/30	USD	29.32	82.8	100.8	0.0
Intel-China Converg*	AS	EQ	CYM	11/30	USD	112.36	84.4	103.2	-1.5
VP Classic - A	AS	EQ	CYM	12/04	USD	187.20	83.6	103.0	-1.4
VP CLassic - B	AS	EQ	CYM	12/04	USD	87.28	82.8	101.9	-1.9
VP High Dividend Stk	AS	EQ	CYM	11/30	USD	44.49	79.0	99.2	-1.2

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YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	12/04	JPY	9102.00	5.8	12.2	-27.2
YMR-N Small Cap Fund	OT	OT	IRL	12/04	JPY	6879.00	7.2	14.8	-27.2

Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	12/07	JPY	6059.00	2.6	12.3	-29.3
Yuki 77 Growth	JP	EQ	IRL	12/07	JPY	5559.00	-6.0	-2.7	-34.2

Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	12/07	JPY	6669.00	6.9	15.5	-26.0
Yuki Chugoku JpnLowP	JP	EQ	IRL	12/07	JPY	7495.00	-8.5	-1.2	-26.7

Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	12/07	JPY	4570.00	0.5	7.8	-29.5
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	12/07	JPY	5184.00	-1.8	1.5	-23.1
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	12/07	JPY	5049.00	7.3	13.8	-25.7

Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	12/07	JPY	4311.00	1.5	9.0	-33.2
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	12/07	JPY	4566.00	1.6	8.3	-33.1
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	12/07	JPY	6789.00	11.3	20.6	-27.7
Yuki Mizuho Jpn Gen	OT	OT	IRL	12/07	JPY	8440.00	5.2	14.1	-27.6
Yuki Mizuho Jpn Gro	OT	OT	IRL	12/07	JPY	6296.00	0.7	7.3	-29.9
Yuki Mizuho Jpn Inc	OT	OT	IRL	12/07	JPY	7451.00	-6.3	-0.5	-26.1
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	12/07	JPY	5076.00	1.8	9.5	-28.3
Yuki Mizuho Jpn LowP	OT	OT	IRL	12/07	JPY	11343.00	0.1	6.3	-23.7
Yuki Mizuho Jpn PGth	OT	OT	IRL	12/07	JPY	7848.00	2.7	9.5	-32.1
Yuki Mizuho Jpn SmCp	OT	OT	IRL	12/07	JPY	7035.00	14.7	20.2	-27.8
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	12/07	JPY	5585.00	7.5	17.2	-24.1
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	12/07	JPY	2690.00	12.7	17.3	-33.6

Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	12/07	JPY	5313.00	4.2	13.1	-28.3

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

BLUE CHIPS & BONDS

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Brazil	-0.57%	**107.7%**	126.2%
Russia	-1.27	**99.6**	98.8
China 88	0.52	**88.7**	63.5
Turkey	-0.49	**81.6**	103.3
Singapore	0.17	**60.6**	71.5
Sweden	0.30	**51.8**	51.1
Hong Kong	-0.69	**51.8**	46.1
South Korea	0.47	**48.4**	48.1
Netherlands	-0.11	**37.2**	38.7
Canada	-0.61	**26.3**	31.6
Australia	-0.68	**25.2**	26.6
Switzerland	-0.35	**24.1**	18.9
Italy	-0.43	**20.1**	20.9
France	-0.20	**20.1**	17.6
South Africa	-0.41	**19.9**	26.3
U.K.	-0.27	**19.4**	23.2
Spain	0.26	**17.8**	20.2
Germany	-0.46	**14.8**	17.0
Japan	1.08	**6.2**	13.4

Dow Jones Regional Sector Titans

Basic Res	-1.13%	**77.5%**	98.8%
Tiger 50*	-0.19	**57.4**	59.5
Auto Parts	0.41	**52.7**	57.6
EU Enlarged†-p	2.63	**39.7**	38.4
Nordic 30 -p	1.03	**37.9**	44.4
Asian 50	0.12	**31.8**	42.4
Stoxx 50 -p	1.19	**21.3**	26.8
Global 50	-0.50	**21.3**	20.8
Euro Stoxx 50 -p	1.19	**18.9**	29.2
Arab 50	-1.59	**1.6**	-1.1

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Monday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Nintendo	Japan	Toys	$30.7	21,580	**5.11%**	-33.3%	-24.7%
Japan Tobacco	Japan	Tobacco	32.5	304,000	**4.86**	-12.6	-46.3
JFE Hldgs	Japan	Iron Steel	19.5	3,310	**3.44**	37.1	-42.1
Canon	Japan	Electronic Office Equipment	51.5	3,750	**3.31**	39.7	-41.8
Sony	Japan	Consumer Electronics	28.6	2,580	**2.79**	41.4	-45.0
KDDI	Japan	Mobile Telecommunications	$23.6	479,000	**-2.04%**	-26.0	-39.2
BHP Billiton	Australia	General Mining	124.2	40.61	**-1.91**	49.2	56.5
Woodside Petroleum	Australia	Exploration Production	31.2	48.30	**-1.63**	46.1	28.0
Indl Comm Bk China	Hong Kong	Banks	71.2	6.64	**-1.48**	52.0	61.2
China Mobile (HK)	Hong Kong	Mobile Telecommunications	187.4	73.05	**-1.42**	-10.3	16.2

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Mitsubishi Japan (Industrial Suppliers)	40.7	2,225	**2.30%**	103.6%	-0.2%

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Nissan Motor Japan (Automobiles)	37.4	743.00	**2.06**	144.4	-45.5
QBE Ins Grp Australia (Reinsurance)	20.8	22.76	**1.97**	-11.8	-12.1
Nippon Steel Japan (Iron Steel)	24.7	353.00	**1.73**	23.4	-38.1
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	50.2	62.50	**1.63**	57.8	-4.6
Shin-Etsu Chml Japan (Specialty Chemicals)	23.7	5,010	**1.42**	34.7	-35.8
Mitsui Japan (Industrial Suppliers)	26.1	1,297	**1.25**	75.8	-22.6
Samsung Elec South Korea (Semiconductors)	98.5	771,000	**1.18**	66.2	27.7
Mitsubishi UFJ Finl Grp Japan (Banks)	64.5	501.00	**1.01**	16.5	-65.7
Panasonic Japan (Consumer Electronics)	29.1	1,264	**0.72**	16.7	-44.6
Honda Motor Japan (Automobiles)	62.0	3,050	**0.66**	75.7	-26.3
Mizuho Financial Grp Japan (Banks)	26.6	170.00	**0.59**	-22.1	-79.6
Toyota Motor Japan (Automobiles)	131.4	3,750	**0.54**	37.4	-47.5
KB Fncl Group South Korea (Banks)	20.3	61,000	**0.49**	90.1	-12.8
Tokio Marine Japan (Property Casualty Insurance)	23.3	2,660	**0.38**	14.9	-36.7
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	36.6	138.50	**0.36**	154.8	-6.3
Takeda Pharm Japan (Pharmaceuticals)	32.9	3,740	**0.27**	-17.6	-51.2
East Japan Railway Japan (Travel Tourism)	27.0	6,070	**...**	-11.6	-23.8
POSCO South Korea (Iron Steel)	38.1	579,000	**...**	57.8	97.6
China Life Ins Hong Kong (Life Insurance)	39.4	41.00	**...**	72.3	119.0
Aus NZ Bk Australia (Banks)	50.1	21.95	**-0.14%**	47.0%	-21.4%
Tokyo Elec Power Japan (Conventional Electricity)	34.7	2,305	**-0.22**	-24.4	-37.5

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	-0.04%	0.64%	1.6%	7.4%	7.8%
Event Driven	0.14	1.03	4.2	14.5	13.4
Equity Long/Short	0.32	0.82	0.3	3.4	-3.5

*Estimates as of 12/03/09, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

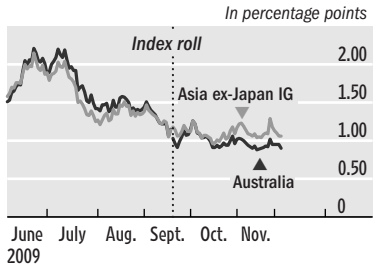
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.81	100.90%	0.01%	1.00	0.78	0.86
Eur. High Volatility: 12/1	1.23	98.94	0.01	1.76	1.21	1.43
Europe Crossover: 12/1	4.95	100.20	0.05	6.15	4.87	5.33
Asia ex-Japan IG: 12/1	1.06	99.70	0.01	1.29	0.96	1.10
Japan: 12/1	1.38	98.17	0.01	1.68	0.99	1.32

Note: Data as of December 4

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Nec Electrs	259	**-6**	...	8
Mitsubishi Chem	116	**-5**	-13	21
Nippon Oil	42	**-4**	-5	1
Kajima	339	**-4**	-28	141
Isetan	87	**-3**	12	27
Mitsui Fudosan	87	**-3**	-19	12
Sompo Japan Ins	123	**-3**	-8	23
Mazda Mtr	216	**-3**	-12	10
Toray Inds	48	**-2**	-1	12
Toshiba	163	**-2**	-39	-11

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Mitsui OSK Lines	123	**3**	-9	17
Obayashi	220	**3**	-28	65
Shimizu	178	**4**	-26	48
Nomura Secs	163	**4**	5	22
Aeon	164	**4**	15	50
Nishimatsu Constr	552	**5**	-34	29
Marui Group	241	**5**	-1	58
Mitsubishi Matls	112	**6**	-1	10
Sekisui House	80	**8**	...	25
Nomura Hldgs	200	**13**	16	37

Source: Markit Group

Behind Europe's deals: Bank revenue rankings, France

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

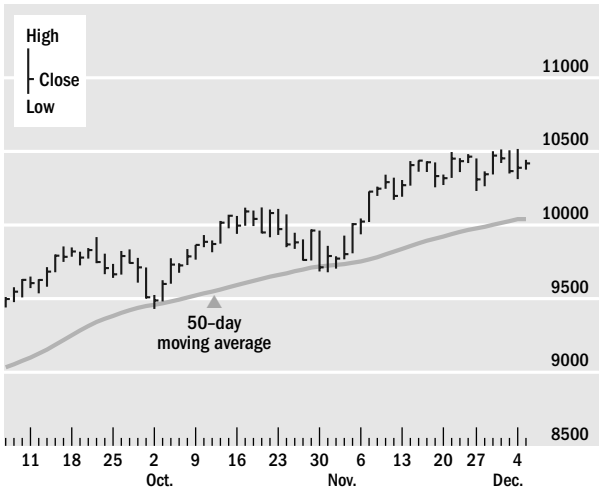
	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
BNP Paribas	$296	13.6%	30%	39%	27%	5%
Calyon	263	12.1	46	40	9	5
SG Corporate Investment Banking	215	9.9	32	54	10	4
HSBC	154	7.1	43	47	7	3
JPMorgan	151	6.9	51	28	21	1
Bank of America Merrill Lynch	121	5.6	20	30	49	...
Natixis	87	4.0	...	86	4	10
Credit Suisse	86	4.0	26	56	18	...
Citi	79	3.6	34	23	41	2

Source: Dealogic

SCANNING THE GLOBE

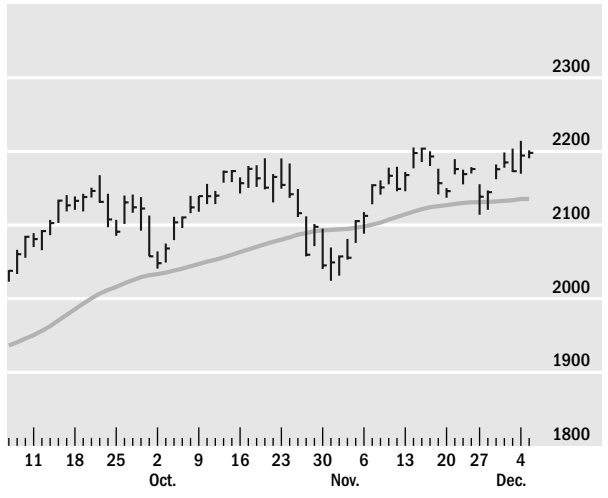
Dow Jones Industrial Average P/E: 18

LAST: **10418.52** ▲ 29.62, or 0.29%
YEAR TO DATE: ▲ **1,642.13, or 18.7%**
OVER 52 WEEKS ▲ **1,484.34, or 16.6%**



Nasdaq Composite Index P/E: 44*

LAST: **2198.03** ▲ 3.68, or 0.17%
YEAR TO DATE: ▲ **621.00, or 39.4%**
OVER 52 WEEKS ▲ **626.29, or 39.8%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**126.3**	$4.09	$0.03	**0.74%**
BankAm	BAC	**123.7**	16.15	–0.13	**–0.80**
SprintNextel	S	**55.2**	3.96	0.27	**7.32**
SPDR S&P 500	SPY	**55.0**	111.19	0.18	**0.16**
NVIDIA	NVDA	**43.3**	16.19	1.93	**13.53**
US NatGas	UNG	**32.2**	9.19	0.55	**6.37**
PwrShrs QQQ	QQQQ	**31.1**	44.11	–0.01	**–0.02**
iShrMSCIEmrgMkt	EEM	**30.2**	41.72	–0.12	**–0.29**
Pfizer	PFE	**29.4**	18.27	–0.22	**–1.19**
SPDR FnclSelSct	XLF	**28.1**	14.55	–0.08	**–0.55**
GenElec	GE	**27.7**	16.11	–0.09	**–0.56**

Biggest gainers...

IntlRoyalty	ROY	**3,834.7**	$6.68	$2.23	**50.11%**
Invitel	IHO	**115.6**	5.25	1.70	**47.89**
BioFuelEgyCp	BIOF	**955.2**	3.60	0.69	**23.71**
AsiaInfo	ASIA	**5,050.5**	30.38	5.28	**21.04**
Zilog	ZILG	**1,644.9**	3.52	0.56	**18.92**

...Biggest losers

VantgDrillUn	VTGU	**3.4**	$2.40	-$1.00	**-29.41%**
ZaleCp	ZLC	**2,207.4**	3.85	-1.11	**-22.38**
Blyth	BTH	**132.9**	29.85	-5.05	**-14.47**
Allos	ALTH	**7,339.4**	5.75	-0.87	**-13.16**
FGXIntlHdlg	FGXI	**174.0**	15.50	-1.57	**-9.20**

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**8.70**	$28.00	0.39	**1.43%**
Alcoa	AA	**9.20**	13.16	0.17	**1.31**
AmExpress	AXP	**3.80**	39.76	0.46	**1.17**
BankAm	BAC	**112.10**	16.15	-0.13	**-0.80**
Boeing	BA	**2.00**	55.62	0.94	**1.72**
Caterpillar	CAT	**2.90**	57.61	-0.69	**-1.18**
Chevron	CVX	**2.90**	78.51	0.44	**0.56**
CiscoSys	CSCO	**14.30**	24.25	0.09	**0.38**
CocaCola	KO	**2.90**	57.97	0.48	**0.83**
Disney	DIS	**4.80**	31.06	0.22	**0.70**
DuPont	DD	**4.10**	32.49	0.15	**0.46**
ExxonMobil	XOM	**6.40**	73.99	-0.26	**-0.35**
GenElec	GE	**27.40**	16.11	-0.09	**-0.55**
HewlettPk	HPQ	**5.10**	49.54	-0.25	**-0.50**
HomeDpt	HD	**5.40**	28.20	0.12	**0.41**
Intel	INTC	**21.80**	20.30	-0.16	**-0.78**
IBM	IBM	**1.70**	127.19	-0.06	**-0.05**
JPMorgChas	JPM	**11.20**	41.73	-0.01	**-0.03**
JohnsJohns	JNJ	**3.20**	64.37	0.01	**0.02**
KftFoods	KFT	**3.30**	26.78	0.21	**0.79**
McDonalds	MCD	**3.30**	62.14	0.55	**0.89**
Merck	MRK	**3.80**	36.78	0.08	**0.23**
Microsoft	MSFT	**16.30**	29.86	-0.12	**-0.39**
Pfizer	PFE	**29.20**	18.27	-0.22	**-1.19**
ProctGamb	PG	**3.80**	62.49	-0.11	**-0.18**
3M	MMM	**1.30**	78.65	0.41	**0.52**
TravelersCos	TRV	**1.30**	50.88	-0.16	**-0.31**
UnitedTech	UTX	**1.10**	68.84	0.52	**0.76**
Verizon	VZ	**5.70**	33.24	0.54	**1.66**
WalMart	WMT	**4.20**	54.75	0.51	**0.94**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.39	$5.96	**Taiwan Semi**	TSM	**3,801.7**	$10.81	0.01	**0.09%**
3.87	1.62	**Utd Microelectronics**	UMC	**2,705.5**	3.57	0.10	**2.88**
78.75	32.33	**BHP Billiton**	BHP	**2,580.7**	75.50	0.23	**0.31**
11.73	5.31	**AU Optrncs**	AUO	**2,089.0**	11.04	0.30	**2.79**
4.63	1.40	**Adv Semi Engrg**	ASX	**632.0**	4.42	0.22	**5.24**
53.13	21.87	**Infosys Tech**	INFY	**593.8**	51.85	-0.61	**-1.16**
18.80	12.59	**SK Telecom**	SKM	**573.8**	16.74	-0.03	**-0.15**
15.95	8.56	**China Unicom**	CHU	**565.4**	13.14	0.05	**0.37**
59.22	40.20	**China Mobile**	CHL	**524.8**	47.30	-0.58	**-1.21**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**515.9**	5.55	-0.02	**-0.36**
9.50	3.96	**Nomura Hldgs**	NMR	**514.8**	7.85	-0.10	**-1.26**
8.19	3.14	**Siliconware Prec Ind**	SPIL	**498.0**	7.14	0.13	**1.85**
19.56	15.05	**ChunghwaTel**	CHT	**338.8**	18.06	0.10	**0.56**
20.35	13.11	**NTT DoCoMo**	DCM	**302.6**	14.71	-0.19	**-1.28**
34.52	17.35	**Honda Motor**	HMC	**271.0**	33.83	-0.46	**-1.34**
87.67	55.41	**Toyota Motor**	TM	**256.2**	83.46	-0.84	**-1.00**
41.58	21.23	**Canon**	CAJ	**243.3**	41.43	0.39	**0.95**
30.82	15.64	**Sony**	SNE	**219.0**	28.53	0.01	**0.03**
27.96	17.71	**NTT**	NTT	**211.3**	21.25	-0.19	**-0.89**
81.00	37.43	**China Life Ins**	LFC	**201.8**	79.39	-0.47	**-0.59**
7.10	2.00	**Alumina**	AWC	**191.6**	5.84	0.12	**2.10**
9.82	5.43	**Telecom Corp of NZ**	NZT	**174.9**	8.63	-0.18	**-2.08**
4.00	1.03	**SemiMfgInt**	SMI	**154.7**	3.17	-0.04	**-1.25**
16.60	10.60	**Matsushita Elec**	PC	**133.2**	14.01	-0.20	**-1.41**
135.92	63.94	**PetroChina**	PTR	**129.1**	127.12	-0.74	**-0.58**
17.66	10.46	**KT Corp**	KTC	**126.3**	16.71	-0.17	**-1.01**
47.62	23.84	**Hitachi**	HIT	**124.9**	26.22	-1.52	**-5.48**
15.29	6.85	**Korea Elec Pwr**	KEP	**111.4**	14.06	-0.02	**-0.12**
21.59	5.11	**Yanzhou Coal Mining**	YZC	**107.4**	20.89	0.00	**0**
150.50	47.09	**POSCO**	PKX	**94.2**	125.87	0.93	**0.74**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

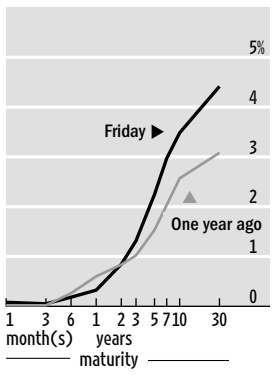
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.475%**	**367.3**	352.5	382.8	**216.1**	**4.355%**	4.680%	**3.094%**
4.500	10	**5.520**	**207.4**	196.7	219.2	**158.3**	**5.435**	5.697	**4.286**
5.250	**Austria** 2	**0.920**	**11.8**	13.5	9.2	**135.5**	**0.965**	0.944	**2.288**
4.350	10	**3.490**	**4.4**	9.2	16.4	**105.6**	**3.560**	3.669	**3.759**
3.500	**Belgium** 2	**1.083**	**28.1**	29.5	25.8	**159.2**	**1.125**	1.110	**2.525**
4.000	10	**3.575**	**12.9**	14.4	23.3	**113.3**	**3.612**	3.738	**3.836**
1.250	**Canada** 2	**1.250**	**44.8**	43.3	55.1	**64.2**	**1.263**	1.403	**1.575**
3.750	10	**3.316**	**-13.0**	-15.1	1.6	**38.3**	**3.317**	3.521	**3.086**
4.000	**Denmark** 2	**2.129**	**132.7**	138.0	152.6	**227.3**	**2.210**	2.378	**3.206**
4.000	10	**3.570**	**12.4**	15.1	23.2	**84.2**	**3.619**	3.737	**3.545**
1.500	**France** 2	**1.257**	**45.5**	44.2	50.8	**147.5**	**1.272**	1.360	**2.408**
3.750	10	**3.445**	**-0.1**	1.6	14.1	**80.8**	**3.484**	3.646	**3.511**
1.250	**Germany** 2	**1.336**	**53.4**	51.4	43.6	**117.0**	**1.344**	1.288	**2.103**
3.250	10	**3.183**	**-26.3**	-23.0	-14.6	**33.6**	**3.238**	3.359	**3.039**
0.550	**Hong Kong** 2	**0.474**	**-32.8**	-38.2	-34.3	**11.1**	**0.448**	0.509	**1.044**
2.160	10	**2.543**	**-90.3**	-107.0	-111.4	**-82.6**	**2.398**	2.391	**1.877**
3.750	**Italy** 2	**1.561**	**75.9**	74.1	69.8	**225.1**	**1.571**	1.550	**3.184**
4.250	10	**3.947**	**50.1**	51.5	52.1	**173.8**	**3.983**	4.026	**4.441**
0.300	**Japan** 2	**0.185**	**-61.7**	-64.6	-57.7	**-40.3**	**0.184**	0.275	**0.530**
1.300	10	**1.287**	**-215.9**	-217.8	-206.0	**-133.3**	**1.290**	1.445	**1.370**
4.000	**Netherlands** 2	**0.891**	**8.9**	7.1	10.1	**139.3**	**0.901**	0.953	**2.326**
4.000	10	**3.420**	**-2.6**	0.0	11.7	**88.4**	**3.468**	3.622	**3.587**
3.200	**Portugal** 2	**1.286**	**48.4**	44.7	37.8	**197.0**	**1.277**	1.230	**2.903**
4.750	10	**3.755**	**30.9**	28.5	35.6	**124.2**	**3.753**	3.861	**3.945**
5.350	**Spain** 2	**1.408**	**60.6**	55.6	57.3	**177.9**	**1.386**	1.425	**2.712**
4.300	10	**3.737**	**29.1**	30.0	38.7	**111.3**	**3.768**	3.892	**3.816**
4.000	**Switzerland** 2	**0.382**	**-42.0**	-41.0	-35.6	**15.4**	**0.420**	0.496	**1.087**
3.000	10	**1.895**	**-155.1**	-155.7	-149.6	**-70.4**	**1.911**	2.009	**1.999**
3.250	**U.K.** 2	**1.178**	**37.6**	38.3	-3.0	**93.2**	**1.213**	0.822	**1.865**
4.500	10	**3.683**	**23.7**	23.4	37.9	**72.2**	**3.702**	3.884	**3.425**
0.750	**U.S.** 2	**0.802**	**...**	...	...	**...**	**0.830**	0.852	**0.933**
3.375	10	**3.446**	**...**	...	...	**...**	**3.468**	3.505	**2.703**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.415%**	16.52	–3.53%	–5.04%	–23.06%	–17.36%
10-year Treasury	**3.483**	8.36	–2.29	–0.80	–6.91	–4.25
7 Year Treasury	**2.972**	6.31	–1.71	0.57	...	...
Five-year Treasury	**2.248**	4.71	–1.10	1.12	1.09	1.54
Ryan Index	**2.546**	6.79	–1.59	–0.44	–4.82	–2.65
3 Year Treasury	**1.315**	2.88	–0.57	0.90	1.97	2.40
Two-year Treasury	**0.845**	1.97	–0.34	0.59	1.73	2.07
1 Year Treasury	**0.325**	0.96	–0.07	0.24	0.99	1.32
Six-month Treasury	**0.183**	0.50	–0.01	0.06	0.62	0.77
Ryan Cash Index-a	**0.160**	0.44	–0.02	0.09	0.53	0.64
Three-month bill	**0.051**	0.25	0.01	0.05	0.36	0.35
One-month bill	**0.081**	0.07	...	0.01	0.14	0.14

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	4.00%
Canada	**2.25**	4.00
Japan	**1.475**	1.675
Britain	**0.50**	2.00
ECB	**1.00**	3.25
Switzerland	**0.53**	2.07
Australia	**3.75**	4.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23469%**	1.82500%
Three month	**0.25656**	2.18938
Six month	**0.48438**	2.60063
One year	**1.05438**	2.79500

	Latest	52 wks ago
Euro Libor		
One month	**0.45750%**	3.15125%
Three month	**0.68000**	3.49750
Six month	**0.98125**	3.57500
One year	**1.22500**	3.66875
Hibor		
One month	**0.05000**	1.09929%
Three month	**0.10857**	1.75143
Six month	**0.25857**	2.29857
One year	**0.58286**	2.49143
Asian dollars		
One month	**0.2426%**	1.88%
Three month	**0.2646**	2.1880
Six month	**0.4960**	2.5580
One year	**1.0580**	2.6740

	Offer	Bid
Eurodollars		
One month	**0.3000%**	0.2000%
Three month	**0.4000**	0.3000
Six month	**0.5500**	0.4500
One year	**0.6500**	0.5500

	Latest	52 wks ago
U.S. discount	**0.50%**	1.25%
Fed-funds target	**0.25**	1.00
Call money	**2.00**	2.75
Overnight repurchase rates		
U.S.	**0.19%**	0.08%
U.K. (BBA)	**0.485**	1.742
Euro zone	**0.36**	2.81

Sources: WSJ Market Data Group; Reuters

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

	Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
	Corn (cents/bu.)	CBOT	**386.50**	-2.00	**-0.51%**	712.25	315.50
	Soybeans (cents/bu.)	CBOT	**1058.00**	15.00	**1.44%**	1,315.00	794.00
	Wheat (cents/bu.)	CBOT	**560.00**	2.00	**0.36**	1,029.25	459.00
	Live cattle (cents/lb.)	CME	**83.675**	0.475	**0.57**	108.600	84.150
	Cocoa ($/ton)	ICE-US	**3,372**	-4	**-0.12**	3,439	1,994
	Coffee (cents/lb.)	ICE-US	**143.80**	2.45	**1.73**	188.65	115.00
	Sugar (cents/lb.)	ICE-US	**22.47**	-0.05	**-0.22**	26.25	11.91
	Cotton (cents/lb.)	ICE-US	**73.88**	0.06	**0.08**	84.00	49.67
	Crude palm oil (ringgit/ton)	MDEX	**2,562.00**	unch.	**unch.**	2,606	2,013
	Cocoa (pounds/ton)	LIFFE	**2,267**	20	**0.89**	2,267	1,475
	Robusta coffee ($/ton)	LIFFE	**1,344**	24	**1.82**	1,955	1,295
	Copper (cents/lb.)	COMEX	**318.90**	-4.85	**-1.50**	365.00	135.50
	Gold ($/troy oz.)	COMEX	**1141.00**	-27.80	**-2.38**	1,227.50	762.30
	Silver (cents/troy oz.)	COMEX	**1805.50**	-46.50	**-2.51**	2,011.50	1,045.00
	Aluminum ($/ton)	LME	**2,133.00**	-3.00	**-0.14**	2,143.00	1,288.00
	Tin ($/ton)	LME	**14,950.00**	-150.00	**-0.99**	15,700.00	9,750.00
	Copper ($/ton)	LME	**6,962.00**	-103.00	**-1.46**	7,100.00	2,815.00
	Lead ($/ton)	LME	**2,322.00**	-43.00	**-1.82**	2,487.00	870.00
	Zinc ($/ton)	LME	**2,336.00**	-51.00	**-2.14**	2,406.00	1,065.00
	Nickel ($/ton)	LME	**16,000**	unch.	**unch.**	21,150	9,250
	Crude oil ($/bbl.)	NYMEX	**74.84**	-0.63	**-0.83**	139.00	47.31
	Heating oil ($/gal.)	NYMEX	**2.0063**	-0.0205	**-1.01**	4.1847	1.3640
	RBOB gasoline ($/gal.)	NYMEX	**1.9529**	-0.0221	**-1.12**	2.7100	1.1525
	Natural gas ($/mmBtu)	NYMEX	**4.840**	0.254	**5.54**	12.920	4.432
	Brent crude ($/bbl.)	ICE-EU	**77.68**	-0.72	**-0.92**	145.00	50.00
	Gas oil ($/ton)	ICE-EU	**623.25**	-12.25	**-1.93**	790.00	443.50

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Dec. 7

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.6439	0.1772	3.8063	0.2627
Brazil real	2.5657	0.3898	1.7303	0.5779
Canada dollar	1.5589	0.6415	1.0513	0.9512
1-mo. forward	1.5589	0.6415	1.0513	0.9512
3-mos. forward	1.5589	0.6415	1.0513	0.9512
6-mos. forward	1.5590	0.6414	1.0514	0.9511
Chile peso	742.51	0.001347	500.75	0.001997
Colombia peso	2978.87	0.0003357	2008.95	0.0004978
Ecuador US dollar-f	1.4828	0.6744	1	1
Mexico peso-a	18.7752	0.0533	12.6620	0.0790
Peru sol	4.2534	0.2351	2.8685	0.3486
Uruguay peso-e	29.434	0.0340	19.850	0.0504
U.S. dollar	1.4828	0.6744	1	1
Venezuela bolivar	3.18	0.314069	2.15	0.465701
ASIA-PACIFIC				
Australia dollar	1.6249	0.6154	1.0958	0.9126
China yuan	10.1266	0.0987	6.8294	0.1464
Hong Kong dollar	11.4920	0.0870	7.7502	0.1290
India rupee	68.9131	0.0145	46.4750	0.0215
Indonesia rupiah	13990	0.0000715	9435	0.0001060
Japan yen	132.97	0.007520	89.68	0.011151
1-mo. forward	132.94	0.007522	89.65	0.011154
3-mos. forward	132.89	0.007525	89.62	0.011158
6-mos. forward	132.77	0.007532	89.54	0.011168
Malaysia ringgit-c	5.0378	0.1985	3.3975	0.2943
New Zealand dollar	2.0802	0.4807	1.4029	0.7128
Pakistan rupee	124.407	0.0080	83.900	0.0119
Philippines peso	68.320	0.0146	46.075	0.0217
Singapore dollar	2.0610	0.4852	1.3900	0.7195
South Korea won	1710.34	0.0005847	1153.45	0.0008670
Taiwan dollar	47.880	0.02089	32.290	0.03097
Thailand baht	49.147	0.02035	33.145	0.03017

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.6744	1.4828
1-mo. forward	1.0001	0.9999	0.6745	1.4827
3-mos. forward	1.0003	0.9997	0.6746	1.4823
6-mos. forward	1.0009	0.9991	0.6750	1.4815
Czech Rep. koruna-b	25.660	0.0390	17.305	0.0578
Denmark krone	7.4412	0.1344	5.0184	0.1993
Hungary forint	269.28	0.003714	181.60	0.005507
Norway krone	8.4718	0.1180	5.7134	0.1750
Poland zloty	4.0708	0.2457	2.7454	0.3643
Russia ruble-d	44.328	0.02256	29.895	0.03345
Sweden krona	10.4471	0.0957	7.0456	0.1419
Switzerland franc	1.5115	0.6616	1.0194	0.9810
1-mo. forward	1.5111	0.6617	1.0191	0.9812
3-mos. forward	1.5105	0.6620	1.0187	0.9816
6-mos. forward	1.5093	0.6626	1.0179	0.9824
Turkey lira	2.2132	0.4518	1.4926	0.6700
U.K. pound	0.9026	1.1079	0.6087	1.6428
1-mo. forward	0.9028	1.1077	0.6088	1.6425
3-mos. forward	0.9031	1.1072	0.6091	1.6418
6-mos. forward	0.9037	1.1066	0.6094	1.6409
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5590	1.7889	0.3770	2.6526
Egypt pound-a	8.1001	0.1235	5.4627	0.1831
Israel shekel	5.6354	0.1775	3.8005	0.2631
Jordan dinar	1.0495	0.9529	0.7078	1.4129
Kuwait dinar	0.4227	2.3659	0.2851	3.5082
Lebanon pound	2227.91	0.0004489	1502.50	0.0006656
Saudi Arabia riyal	5.5612	0.1798	3.7505	0.2666
South Africa rand	11.0438	0.0905	7.4480	0.1343
United Arab dirham	5.4463	0.1836	3.6730	0.2723
SDR -f	0.9323	1.0727	0.6287	1.5905

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
31	**ASIA-PACIFIC**	**DJ Asia-Pacific**	123.06	0.35	**0.29%**	31.5%	42.7%
...	Australia	**SPX/ASX 200**	4676.46	-25.76	**-0.55%**	25.6	28.8
...	China	**CBN 600**	29790.26	257.41	**0.87**	101.8	76.7
21	Hong Kong	**Hang Seng**	22324.96	-173.19	**-0.77**	55.2	48.4
19	India	**Sensex**	16983.14	-118.40	**-0.69**	76.0	85.4
...	Indonesia	**Jakarta Composite**	2483.758	-27.787	**-1.11**	83.2	106.6
...	Japan	**Nikkei Stock Average**	10167.60	145.01	**1.45**	14.8	22.1
...		**Topix**	898.93	9.35	**1.05**	4.6	10.7
...	Malaysia	**Kuala Lumpur Composite**	1265.36	-4.84	**-0.38**	44.3	50.9
...	New Zealand	**NZSX-50**	3138.579	-7.878	**-0.25**	15.6	16.3
8	Pakistan	**KSE 100**	8992.91	-16.22	**-0.18**	53.3	-2.1
16	Philippines	**Manila Composite**	3046.63	-15.36	**-0.50**	62.7	59.6
...	Singapore	**Straits Times**	2796.98	5.97	**0.21**	58.8	68.6
11	South Korea	**Kospi**	1632.65	7.89	**0.49**	45.2	47.7
21	Taiwan	**Weighted**	7775.64	124.73	**1.63**	69.4	76.0
10	Thailand	**SET**	701.58		**Closed**	55.9	70.9
50	**EUROPE**	**DJ Stoxx 600**	247.90	-1.13	**-0.45**	25.9	22.4
22		**DJ Stoxx 50**	2513.83	-12.95	**-0.51**	21.7	17.5
62	**Euro Zone**	**DJ Euro Stoxx**	269.94	-0.99	**-0.37%**	21.2%	21.8%
20		**DJ Euro Stoxx 50**	2897.12	-13.21	**-0.45**	18.2	18.3
19	Denmark	**OMX Copenhagen**	316.66	-0.74	**-0.23**	40.0	30.7
19	Finland	**OMX Helsinki**	6198.50	-5.99	**-0.10**	14.7	14.2
19	France	**CAC-40**	3840.05	-6.57	**-0.17**	19.3	18.2
...	Germany	**DAX**	5784.75	-32.90	**-0.57**	20.3	22.7
16	Italy	**FTSE MIB**	22788.52	-137.51	**-0.60**	17.1	18.0
...	Netherlands	**AEX**	320.25	-0.88	**-0.27**	30.2	29.1
...	Russia	**RTSI**	1389.64	-37.49	**-2.63**	119.9	119.8
11	Spain	**IBEX 35**	12011.8	-20.4	**-0.17**	30.6	32.9
14	Switzerland	**SMI**	6470.61	-30.55	**-0.47**	16.9	11.2
...	Turkey	**ISE National 100**	49915.76	-186.22	**-0.37**	85.8	107.7
15	U.K.	**FTSE 100**	5310.66	-11.70	**-0.22**	19.8	23.5
21	**AMERICAS**	**DJ Americas**	292.71	-0.23	**-0.08**	29.4	31.6
...	Brazil	**Bovespa**	68230.86	627.34	**0.93%**	81.7	77.7
...	Argentina	**Merval**	2170.90	-3.57	**-0.16**	101.1	115.9
20	Mexico	**IPC**	32150.33	44.94	**0.14**	43.7	52.6

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.23%	20	**DJ Global Index**	225.91	-0.60	**-0.60%**	36.1%	-0.3%	-6.3%
1.89	21	**Global DOW**	1971.55	-7.12	**-7.12**	32.8	-0.4	-2.1
2.40		**Asia/Pacific 600**	115.55	0.53	**0.53**	30.7	0.5	-7.2
1.79	15	**Emerging Markets**	276.43	-1.27	**-1.27**	91.2	-0.5	3.6
2.17	31	**Asia/Pacific**	123.06	0.35	**0.35**	42.7	0.3	-5.3
2.42	13	**Asia/Pacific ex-Japan**	310.13	-1.10	**-1.10**	81.4	-0.3	0.9
2.64	22	**Southeast Asia**	154.64	0.82	**0.82**	86.0	0.5	1.5
0.81	31	**CBN China 600** -c	29790.26	257.40	**257.40**	76.7	0.9	29.2
0.84	34	**Shanghai**	397.08	3.10	**3.10**	76.6	0.8	29.1
0.57	48	**Shenzhen**	426.63	6.03	**6.03**	97.3	1.4	35.2
2.11	20	**China Offshore 50**	4208.97	-30.19	**-30.19**	54.1	-0.7	12.3
9.02	9	**Australia LPT** -c, d	1077.59	-6.11	**-6.11**	-2.8	-0.6	-21.3
2.18%	15	**Islamic Market**	1951.33	-4.03	**-4.03%**	37.4%	-0.2%	-2.0%
2.48	16	**Islamic Market 100**	2110.49	-4.18	**-4.18**	23.6	-0.2	-2.5
9.81	19	**Bahrain**	118.90	-0.10	**-0.10**	-26.7	-0.1	-13.2
2.96	30	**Kuwait**	187.99	-4.41	**-4.41**	-29.5	-2.3	-15.7
2.65	19	**Sustainability**	1014.12	-6.35	**-6.35**	36.6	-0.6	-6.7
2.72	50	**Stoxx 600 -p**	276.92	-0.65	**-0.65**	54.1	-0.2	-7.5
4.74	17	**Stoxx Select Div 30 -p**	1835.39	-3.09	**-3.09**	49.9	-0.2	-19.5
3.98	23	**Euro Stoxx Sel Div 30 -p**	2191.62	-8.10	**-8.10**	54.6	-0.4	-14.7
1.79	29	**DJ U.S. TSM**	11344.53	6.13	**6.13**	25.0	0.1	-7.2
4.03	15	**U.S. Select Dividend -d**	645.15	1.15	**1.15**	8.4	0.2	-9.9
4.60		**U.S. REIT**	142.45	-1.02	**-1.02**	19.8	-0.7	-19.1
		DJ-UBS Commodity -p	134.79	-1.34	**-1.34**	27.0	-1.0	-7.7

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

U.S.	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
		1.096	0.609	1.051	6.829	0.674	7.750	46.475	9434.85	89.675	1.403	1153.44	3.397	46.075	1.390	1.019	32.290	33.145
Australia	0.913		0.555	0.959	6.232	0.615	7.072	42.411	8609.77	81.833	1.280	1052.57	3.100	42.046	1.268	0.930	29.466	30.246
Britain	1.643	1.800		1.727	11.219	1.108	12.732	76.349	15499.58	147.318	2.305	1894.88	5.581	75.692	2.283	1.675	53.046	54.451
Canada	0.951	1.042	0.579		6.496	0.641	7.372	44.207	8974.46	85.299	1.334	1097.16	3.232	43.827	1.322	0.970	30.714	31.528
China	0.1464	0.160	0.089	0.154		0.099	1.135	6.805	1381.51	13.131	0.205	168.89	0.497	6.747	0.204	0.149	4.728	4.853
Euro	1.483	1.625	0.903	1.559	10.127		11.492	68.913	13990.00	132.970	2.080	1710.32	5.038	68.320	2.061	1.511	47.880	49.147
Hong Kong	0.129	0.141	0.079	0.136	0.881	0.087		5.997	1217.37	11.571	0.181	148.83	0.438	5.945	0.179	0.132	4.166	4.277
India	0.0215	0.0236	0.0131	0.0226	0.1469	0.0145	0.1668		203.01	1.9295	0.0302	24.82	0.0731	0.9914	0.0299	0.0219	0.6948	0.7132
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0049		0.0095	0.0001	0.12	0.0004	0.0049	0.0001	0.0001	0.0034	0.0035
Japan	0.011	0.012	0.007	0.012	0.076	0.008	0.086	0.518	105.21		0.016	12.86	0.038	0.514	0.015	0.011	0.360	0.370
New Zealand	0.713	0.781	0.434	0.749	4.868	0.481	5.524	33.127	6725.16	63.920		822.17	2.422	32.842	0.991	0.727	23.016	23.626
South Korea	0.0009	0.0010	0.0005	0.0009	0.0059	0.0006	0.0067	0.0403	8.18	0.0777	0.0012		0.0029	0.0399	0.0012	0.0009	0.0280	0.0287
Malaysia	0.294	0.323	0.179	0.309	2.010	0.198	2.281	13.679	2777.00	26.394	0.413	339.50		13.561	0.409	0.300	9.504	9.756
Philippines	0.022	0.024	0.013	0.023	0.148	0.015	0.168	1.009	204.77	1.946	0.030	25.03	0.074		0.030	0.022	0.701	0.719
Singapore	0.719	0.788	0.438	0.756	4.913	0.485	5.576	33.436	6787.91	64.517	1.009	829.84	2.444	33.149		0.733	23.231	23.846
Switzerland	0.981	1.075	0.597	1.031	6.700	0.662	7.603	45.593	9255.75	87.973	1.376	1131.55	3.333	45.200	1.364		31.677	32.516
Taiwan	0.031	0.034	0.019	0.033	0.212	0.021	0.240	1.439	292.19	2.777	0.043	35.72	0.105	1.427	0.043	0.032		1.026
Thailand	0.030	0.033	0.018	0.032	0.206	0.020	0.234	1.402	284.65	2.706	0.042	34.80	0.103	1.390	0.042	0.031	0.974	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of December. 07, 2009

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.50%	25	**ALL COUNTRY (AC) WORLD***	299.29	-0.16%	**31.4%**	36.0%
2.50	26	**World (Developed Markets)**	1,168.90	-0.14	**27.0**	30.9
1.90	124	**World Small Cap**	187.31	0.45	**39.6**	47.7
2.60	22	**Kokusai (World ex-Japan)**	1,158.80	0.02	**29.9**	33.0
3.10	26	**EAFE**	1,600.70	-0.74	**29.4**	37.0
2.20	20	**Emerging Markets (EM)**	983.32	-0.28	**73.4**	86.6
2.60	25	**AC ASIA PACIFIC EX-JAPAN**	411.67	-0.92	**66.4**	81.0
2.10	25	**AC Far East ex-Japan**	445.74	-0.14	**63.5**	79.8
1.80	-35	**Japan**	555.01	0.35	**4.7**	7.7
1.90	20	**China**	66.89	-0.05	**64.0**	81.2
0.90	39	**China A (China Domestic)**	3,450.05	0.89	**98.9**	98.5
2.60	23	**Hong Kong**	10,311.75	-0.36	**57.3**	63.2
1.00	21	**India**	694.76	-0.43	**88.2**	100.6
1.10	24	**Korea**	464.76	0.54	**51.4**	55.6
2.40	21	**Malaysia**	468.92	-0.27	**46.0**	47.8
3.10	17	**Singapore**	1,565.88	-0.74	**57.1**	59.2
2.70	315	**Taiwan**	276.83	-0.58	**59.7**	65.3
3.10	20	**Thailand**	285.33	-0.98	**54.2**	71.9
4.00	25	**Australia**	967.22	-1.51	**26.4**	25.3
5.30	16	**New Zealand**	84.48	-1.21	**11.3**	9.0
1.90	32	**US BROAD MARKET**	1,220.23	0.73	**24.2**	26.2
3.40	17	**EUROPE**	86.58	1.11	**24.7**	19.7

*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Monday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average
Japan 10167.60
▲ **1.45% or 145.01**

Abrupt yen weakening lifted blue chips such as Sony and Canon, while increased foreign investor buying interest pointed to improving market sentiment. Sony rose 2.8%.

Stock	Volume in millions	Close	Change Net	Change %
Hitachi	**219.09**	238	–8	–3.25
Mizuho Financial	**64.44**	170	1	0.59
JapanAirlines	**55.89**	107	7	7.00
Mtshbsh Fin Grp	**54.22**	501	5	1.01
Nippon Yusen	**52.61**	283	8	2.91

CBN 600
China 29790.26
▲ **0.87% or 257.41**

Food and beverage producers and property developers gained after the government said it would focus on boosting domestic demand and push urbanization next year.

Stock	Volume in millions	Close	Change Net	Change %
China State Con	**461.63**	5.00	unch	...
ChinaVankeCoA	**282.65**	12.29	0.32	2.67
ChinaMinshengBkg	**262.83**	8.00	–0.01	–0.12
Cn Citic Bank	**231.88**	7.51	0.24	3.30
United Network	**198.53**	6.71	–0.03	–0.45

Hang Seng
Hong Kong 22324.96
▼ **0.77% or 173.19**

Shares fell for the second consecutive session, dragged down by commodities firms after gold prices slumped. Zijin Mining fell 5.1%, while Zhaojin Mining slid 4%.

Stock	Volume in millions	Close	Change Net	Change %
Icbc	**244.60**	6.64	–0.10	–1.48
Bank Of China	**198.78**	4.42	–0.04	–0.90
CCB	**137.40**	7.12	–0.06	–0.84
ChinaPetroChem	**87.37**	6.53	–0.07	–1.06
Foxconn Int Hldgs	**69.08**	8.30	1.20	16.90

Sensex
India 16983.14
▼ **0.69% or 118.40**

Weakness in metals, select banks and Reliance Industries weighed on Indian shares. Reliance dropped 3.1% on the first day of listing of its bonus shares.

Stock	Volume in millions	Close	Change Net	Change %
Reliance Com-A	**3.23**	175.90	–3.05	–1.70
Bharti Airtel-A	**2.47**	316.40	6.55	2.11
Hindalco-A	**2.30**	142.55	–4.75	–3.22
Dlf-A	**2.04**	369.55	–10.95	–2.88
Tata Steel-A	**1.87**	556.30	–19.45	–3.38

Asian stocks in the news

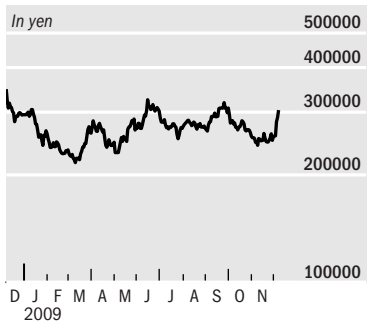
Denway Motors
Hong Kong HK$5.37
▲ **4.5% or HK$0.23**

Chinese car stock climbed on optimism about domestic consumption as engine of economic growth in 2010.

	Price-to-earnings ratio			**17**
	Earnings per share, past four quarters			**0.31**
	Dividend yield			**1.1**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts		**1.0%**	6.8%	74.4%
Denway Motors		**4.5%**	12.8%	160.7%

Japan Tobacco
Japan ¥304,000
▲ **4.9% or ¥14,100**

Stock rose as Morgan Stanley noted that its profit is likely to hold steady despite a tobacco tax hike.



	Price-to-earnings ratio			**28**
	Earnings per share, past four quarters			**10800.00**
	Dividend yield			**1.8**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds		**1.2%**	3.4%	25.3%
Japan Tobacco		**4.9%**	18.8%	-12.6%

Nikon
Japan ¥1,734
▲ **5.3% or ¥87**

Shares climbed along with other firms in the semiconductor business.

	Price-to-earnings ratio			**none**
	Earnings per share, past four quarters			**-52.40**
	Dividend yield			**0.5**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds		**1.2%**	3.4%	25.3%
Nikon		**5.3%**	11.2%	83.5%

Japan Airlines
Japan ¥107
▲ **7.0% or ¥7**

The stock jumped on a report that the government may guarantee about 700 billion yen ($7.8 billion) in loans.

	Price-to-earnings ratio			**none**
	Earnings per share, past four quarters			**-98.80**
	Dividend yield			**none**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Travel & Leisure		**0.6%**	-0.1%	12.4%
Japan Airlines		**7.0%**	16.3%	-49.8%

Foxconn Intl
Hong Kong HK$8.30
▲ **16.9% or HK$1.20**

The cellphone maker surged after Morgan Stanley raised its target price on the stock.

	Price-to-earnings ratio			**none**
	Earnings per share, past four quarters			**-0.04**
	Dividend yield			**none**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology		**1.7%**	4.2%	74.9%
Foxconn Intl		**16.9%**	24.1%	304.9%

Kissei Pharm
Japan ¥1,907
▼ **2.0% or ¥39**

Morgan Stanley cuts firm's rating and price target, citing disappointment on slow U.S. Rapaflo drug start.

	Price-to-earnings ratio			**27**
	Earnings per share, past four quarters			**70.30**
	Dividend yield			**1.7**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Health Care		**0.3%**	0.7%	10.8%
Kissei Pharm		**-2.0%**	-0.8%	-25.7%

Sumitomo Metal Mining
Japan ¥1,455
▼ **2.3% or ¥34**

Stock dropped in concert with other resources shares as commodities slumped.

	Price-to-earnings ratio			**22**
	Earnings per share, past four quarters			**67.10**
	Dividend yield			**1.0**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources		**-1.3%**	1.3%	84.3%
Sumitomo Metal Mining		**-2.3%**	2.6%	77.7%

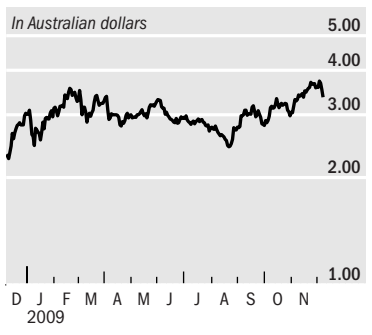
Hitachi
Japan ¥238
▼ **3.3% or ¥8**

Investors were reluctant to buy the stock before the price for a new share issue was set.

	Price-to-earnings ratio			**none**
	Earnings per share, past four quarters			**-48.70**
	Dividend yield			**none**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs		**1.1%**	4.5%	56.4%
Hitachi		**-3.3%**	1.7%	-44.5%

Lihir Gold
Australia A$3.36
▼ **4.8% or A$0.17**

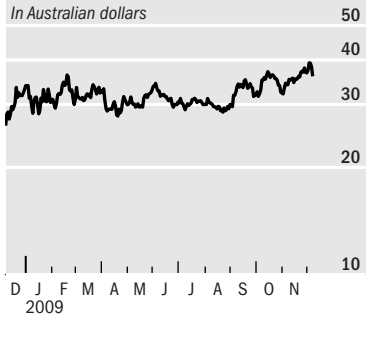
A steep decline in gold prices sent shares of the stock lower.



	Price-to-earnings ratio			**none**
	Earnings per share, past four quarters			**-0.10**
	Dividend yield			**0.5**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources		**-1.3%**	1.3%	84.3%
Lihir Gold		**-4.8%**	-6.7%	44.8%

Newcrest Mining
Australia A$36.00
▼ **6.0% or A$2.30**

Shares dropped along with the resources sector amid a slump in commodity prices.



	Price-to-earnings ratio			**68**
	Earnings per share, past four quarters			**0.53**
	Dividend yield			**0.4**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources		**-1.3%**	1.3%	84.3%
Newcrest Mining		**-6.0%**	-2.1%	37.6%

HEARD ON THE STREET

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Reality may pinch Chinese auto sales

While the global car industry struggles through a downturn, optimism prevails among auto companies in China.

That is hardly surprising. Spurred by China's fiscal stimulus, and some well-targeted tax cuts, auto sales in what is now the world's largest car market could well have risen 45% year-to-year by the end of 2009.

Many are expecting the good times to continue, but overheating is still a threat. Among the optimists is **Geely Automobile**, whose parent company is the preferred bidder to buy Volvo. Geely said it expects its car sales to rise to 400,000 next year from its target of 300,000 this year.

If it achieves that goal, it will most likely see a growth rate quicker than China's auto industry as a whole. Citi Investment Research analysts expect a 15% rise in Chinese auto sales in 2010. Indeed, next year may add a dose of realism about sales growth and profits to what is still a positive long-term story.

While trends such as rising wealth levels and low car-ownership levels should continue to support Chinese auto sales, maintaining the break-neck pace of this year's growth will be a stretch.

This year's sales growth was driven in large part by a halving of the sales tax on autos with smaller engine sizes. Beijing has yet to confirm whether this tax stimulus will continue into the new year.

Even if it does, it may not lead to such high sales growth if consumers start to see the tax cut as permanent, and hence car purchases as less urgent.

For individual auto makers, the challenge is making sure a more "normal" rate of sales growth can come with healthy profit. Here, there may be less room for general optimism.

Bill Russo, an auto-industry expert, points out that heavy competition in the Chinese auto sector was already leading to lower selling prices for cars prior to this year's stimulus. Price declines from 2004 to 2008 ranged from 12.1% in the luxury sector to 32.5% in the compact-car market.

As manufacturers continue to pour into China, and capacity grows, the balance between supply and demand should tilt in favor of the consumer.

This could be especially noticeable in the mid-market sector, where Chinese auto makers are expected to challenge foreign brands.

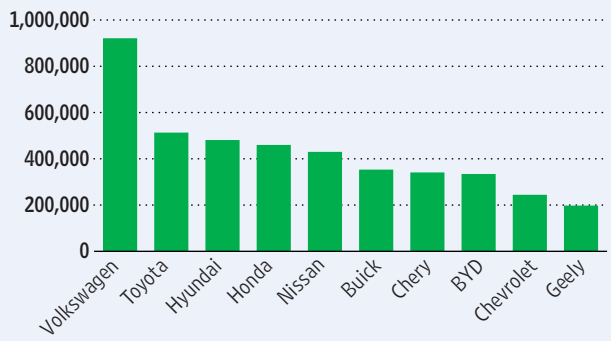
In a country that ranks alongside Belize in terms of car ownership per capita, it may seem strange to raise the issue of overcapacity. But it is a problem China's economic planners are already warning about—and which should temper expectations for auto companies in China.

—Andrew Peaple

Journalists and invited guests look at a Volkswagen AG Golf vehicle at the 2009 Shanghai auto show.

Foreigners ahead

Top 10 car brands in China by passenger-vehicle sales, 2009 year-to-date.



Sources: J.D. Power Asia Pacific; Bloomberg News (photo)

Bankers, start your debt engines

The bank-funding race is on. The European Central Bank fired the starting gun Thursday on what could prove the critical challenge for banks in 2010: how to reduce reliance on extraordinary central-bank liquidity facilities, government-guarantee programs and meet regulatory demands to boost liquidity.

Global banks have $5.1 trillion of debt rated by Moody's Investors Service coming due from 2010 to 2012. With some funding channels still on life support, this race is sure to produce winners and losers.

Thanks to guarantee programs, a precrisis system reliant on cheap short-term wholesale funding has become even more so. In the past five years, the average maturity of new wholesale debt issues from banks globally has fallen to 4.7 years from 7.2 years, the shortest in 30 years, Moody's says. Meanwhile, central banks have offered copious cheap funding.

Like subprime mortgage borrowers on teaser rates, banks have become more vulnerable to higher interest rates just as governments also are looking to refinance debt. This creates the potential for crowding out and for higher yields, amplifying the shock of moving off today's extremely cheap funding.

Sure, there are some encouraging signs. Euro-denominated bond issuance by banks not guaranteed by governments, which now stands at 144 billion, finally has overtaken guaranteed issuance in 2009, according to Société Générale. National Australia Bank last week sold a 12-year sterling bond, which would have been a rarity before the financial crisis.

But the battleground will be for unsecured bank bonds, particularly since the asset-backedmarket remains virtually shut. Performance after the Dubai shock showed bank bonds may be more vulnerable to jitters about sovereign credit quality than their nonfinancial peers, in part because they still rely on implicit gurantees.

The risk is that investors will discriminate on price and maturity terms, putting pressure on banks' margins, earnings and their ability to lend. A botched exit strategy could lead to volatility, a liquidity trap and the dreaded double dip. That points to policy makers erring on the side of caution. This race will be more a marathon than a sprint.

—Richard Barley

A bruising battle in the gold market

One of the fiercest battles in the global financial system is being played out in the gold market. Does Friday's sharp drop in the gold price say much about who will win this fight?

On one side are central banks and governments, which are printing money and running up large fiscal deficits.

On the other are investors who think such actions could debase paper currencies, and are buying gold to protect against that outcome.

Looking at Friday's 4% slide, even gold bugs would agree that a correction was to be expected for an asset whose price is up 56% in the past 12 months.

But gold bears might look at the trigger for the rout, better-than-expected U.S. jobs data, and conclude the economy is recovering and governments can soon wind down policies that benefit gold.

Clearly, a spell of gold weakness is likely. Not only has the run-up been intense, central bankers recently have sounded slightly tougher on monetary policy.

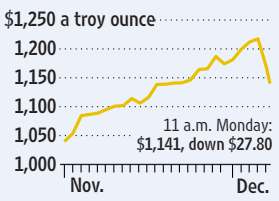
But the beauty of gold is that it is almost alone in providing protection for scenarios in which government stimulus fails or backfires. If economic weakness returns, the government's default response likely will be cranking out more money and running up bigger deficits. Alternatively, economies may take off too quickly, and high inflation returns. Both outcomes are extremely gold-friendly.

The gold trade gets really interesting if gross domestic product expands, but only sluggishly. If governments are willing to tolerate that, allowing the economy to adjust on its own, gold could suffer. After all, the best way to swat gold bugs is to let the markets have their way.

—Peter Eavis

Gold ceiling?

Comex gold prices, continuous front-month contract



Source: Thomson Reuters via WSJ Market Data Group

How to spend in 2010

What do you call a successful company with a bunch of unrelated businesses? A diversified industrial. What do you call its underperforming competitor? A conglomerate.

It is a distinction that should be on investors' minds in 2010. Faced with a credit crunch and deep recession, companies have hunkered down. Deutsche Bank's economists calculate that net corporate cash flow, or internally generated funds, is well above the level of fixed business investment.

Nigel Coe, a stock analyst at Deutsche, reckons the industrials sector is carrying net debt equivalent to just 1.2 times earnings before interest, tax, depreciation and amortization, down from 1.7 times in the last recession.

Companies have three options with their spending power: Capital expenditure, payouts to shareholders, or mergers and acquisitions.

Deutsche's economists expect a revival in capex. When companies stop spending but assets keep depreciating, industrial capacity shrinks, usually spurring a revival in investment.

This time may be different. The latest recession is the second in a decade that followed a massive spike in corporate investment. After the first investment bubble burst, the subsequent credit bubble stoked another. There is no chance of that now, when capital markets still depend on government crutches to function regularly.

What about deploying cash to shareholders instead? This may not prove popular. It would only push the problem of dealing with excess cash onto investors, already struggling with low yields.

Second, companies on the whole have proved lousy buyers of their companies' stock. Morgan Stanley's Scott Davis has surveyed 26 industrial firms' buy-back records since 2000 and finds more than half made a zero or negative return on those purchases.

That leaves M&A, where activity is picking up. Danaher, Emerson and United Technologies all have announced $1 billion-plus deals in recent months.

M&A generates headlines but also sets alarm bells ringing for investors, who fear the creation of unwieldy, value-destroying conglomerates.

Yet Deutsche's Mr. Coe says that over the past decade, industrial conglomerates have traded at similar average price/earnings multiples to their pure-play peers. This undercuts the widespread assumption of a "conglomerate discount."

One factor that may underpin overall conglomerate valuations over time is a "survivorship bias," Mr. Davis says. Struggling conglomerates tend to be broken up or absorbed by others. Consider the break-up of the old ITT Corp. or Tyco International.

All this argues in favor of M&A. The environment is fertile for deals. Besides the availability of finance for large potential buyers, the damage inflicted by recession is prying free assets: Look at General Electric, selling control of NBC Universal to Comcast and its security business to United Technologies.

Private equity's quiescence makes for more modest seller expectations.

Meanwhile, private equity's quiescence makes for more modest seller expectations. Expect those diversified industrials to be busy doing what they know best next year.

—Liam Denning

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